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OFFICE OF DIRECTOR  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

April 15, 1963

Reference is made to the FBI on  
page 5 and 56.

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MR. BELMONT ✓  
MR. MOHR ✓  
MR. CASPER ✓  
MR. CALLAHAN ✓  
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REC. 74 62-98810-1036  
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~~CREATE A JOINT COMMITTEE~~  
~~ON THE BUDGET~~

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HEARINGS  
BEFORE THE  
COMMITTEE ON  
GOVERNMENT OPERATIONS  
UNITED STATES SENATE  
EIGHTY-EIGHTH CONGRESS  
FIRST SESSION  
ON  
~~S. 537~~

~~A BILL TO AMEND THE LEGISLATIVE REORGANIZATION ACT OF 1946 TO PROVIDE FOR MORE EFFECTIVE EVALUATION OF THE FISCAL REQUIREMENTS OF THE EXECUTIVE AGENCIES OF THE GOVERNMENT OF THE UNITED STATES~~

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MARCH 19 AND 20, 1963

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE

96545

WASHINGTON : 1963

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## CREATE A JOINT COMMITTEE ON THE BUDGET

TUESDAY, MARCH 19, 1963

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:40 a.m. in room 3302, New Senate Office Building, Senator John L. McClellan (chairman) presiding.

Present: Senators McClellan, Gruening, Pell, Mundt, Curtis, and Pearson.

Also present: Walter L. Reynolds, chief clerk and staff director; Ann M. Grickis, assistant chief clerk; and Eli E. Nobleman, professional staff member.

### OPENING STATEMENT OF THE CHAIRMAN

The CHAIRMAN. The committee will come to order.

These hearings have been scheduled to develop testimony on S. 537, to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States.

The purpose of this bill is to provide the Congress with the machinery necessary to enable it to meet its constitutional responsibilities in connection with the appropriation of funds required for the conduct of the Federal Government. It seeks to accomplish this objective by establishing a Joint Committee on the Budget, composed of members of the Senate and House Committees on Appropriations, which would assist the Congress in exercising adequate control over the expenditures of public funds by the executive branch of the Government. This proposed Joint Committee on the Budget would be staffed with nonpartisan fiscal experts and technicians who would be engaged in making continuing studies—12 months of the year—of programs and expenditures proposed by the executive branch. The establishment of this joint committee would provide the Congress with the same type and caliber of detailed technical information as the Joint Committee on Revenue Taxation provides for the revenue committees of the Congress, and the Bureau of the Budget provides for the executive branch.

One of the most serious problems confronting our Nation today is the maintenance of national solvency in the face of ever-growing demands on the Federal Government for programs and services, coupled with the necessity of meeting the national defense requirements of the cold war and the atomic and space age.

Our national expenditures budget has grown from \$66 billion in fiscal year 1956 to an estimated \$94.3 billion for 1963, and a requested \$98.8 billion for fiscal year 1964. In other words, we are now moving rapidly toward an annual expenditures budget in excess of \$100 billion, and toward annual expenditures in all categories that will exceed \$150 billion, bearing in mind that approximately \$25 billion in annual spending does not appear in the appropriated budget. Our national debt, now more than \$300 billion, is rising at a rate in excess of \$8 billion annually. Nor does the end appear to be in sight.

This matter is of the gravest concern to the Congress, since, from the formation of our Government down to the present time, it has been clearly understood that the Constitution vested in the Congress and the Congress alone the exclusive right to appropriate supplies of money to the various branches of the Federal Government, and to designate the purposes for which the money shall be used.

Although we are now operating in an era of annual expenditure budgets of \$100 billion, the procedures used by the Congress in carrying out these vital responsibilities are fundamentally no different than those used 20, 30, or 40 years ago. In other words, the methods and procedures which we now use in the appropriations process are simply inadequate to meet present-day needs.

In January 1950, after having served 1 year as a member of the Senate Committee on Appropriations, I became convinced that under then-existing procedures, which were no different than those presently followed, the Appropriations Committees of both Houses were laboring under a tremendous disadvantage in their efforts to pass upon budget requests for Federal expenditures. The fundamental problem which I found to exist at that time—and it still exists today—is due to the fact that the Congress, which is most generous in equipping the executive branch agencies with personnel to handle its affairs, failed to provide itself with adequate machinery to carry out one of its most vital functions and responsibilities—the appropriation of funds for the conduct of the Government.

Instead of equipping itself with an adequate number of experts and technicians to examine every detail of the appropriation requests submitted by executive branch agencies and departments, the Congress has been content to limp along without the assistance and information it requires. Thus, aside from the overburdened staffs of the Senate and House Appropriations Committees, which cannot possibly make the kind of analysis of budget requests which is necessary in the time available, members of the Appropriations Committees are forced to rely upon the testimony of representatives of the executive branch who formulate the programs and present them in a light most favorable to their requests. Furthermore, they are apt to tell us only as little or as much as they desire to disclose.

Accordingly, on January 19, 1950, I introduced a bill, S. 2898, which was similar, in many respects, to the pending bill. The committee studied the bill and revised it, but took no further action on it during the 81st Congress. Thereafter, the committee reported favorably, and the Senate approved, in the 82d, 83d, 84th, 85th, and 87th Congresses, virtually identical bills proposing the creation of a Joint Committee on the Budget. On each occasion, following Senate passage, the measure was permitted to die in the House of Representatives.

In each Congress, these bills were cosponsored by a substantial majority of the Members of the Senate. In the 85th Congress, 71 Members of a total of 96 cosponsored the measure. In the 87th Congress, there were 67 cosponsors. The bill presently pending before us has the largest number of cosponsors it has ever had—77.

It appears perfectly clear that the conditions which prompted the initial introduction of this measure, in 1950, and its initial passage by the U.S. Senate, in 1952, have in no way diminished. On the contrary, they have increased in intensity. In fact, it appears quite clear that there is greater need for this measure today than there was previously, and that need grows with each budget message we receive from the President of the United States and with each session of the Congress, as the cost of Government increases, as expenditures rise, and as the tax burden is felt more keenly by the American people.

An additional important factor to be considered in connection with the committee's consideration of S. 537 is the breakdown in our appropriations procedure which occurred during the 87th Congress, and which is a matter of the greatest concern to all of us. It is my firm conviction that if this bill had been enacted into law earlier, and the proposed joint committee had been in operation, this breakdown would not have occurred. I say this because I believe that the establishment of a Joint Committee on the Budget will be conducive to better co-operation and a spirit of working in harmony between the two Appropriations Committees of the Congress. If we can have members of these committees working together, each getting the same information, each having access to the tools with which to work and each relying on the technical advice and information furnished by a joint staff, they will be able to obtain better information with which to evaluate intelligently the requests made. This, in turn, should go a long way toward removing the frictions and disagreements which have cropped up from time to time in connection with the appropriation process.

S. 537 has been developed and perfected by the Committee on Government Operations through careful studies and previous hearings in the 81st and 82d Congresses. We have scheduled these hearings today because we believe it is important to hear any additional expert testimony which may assist us in further establishing the need for such legislation and to assist the committee in perfecting the measure, if that is found to be desirable. Equally important, however, is the fact that the American taxpayers have a very real and vital stake in this legislation, despite the fact that the subject may appear technical in nature. Public hearings generate public interest, and it is hoped that any issues which may not be completely clear to the American taxpayer at this time will be fully clarified.

Although the Senate has been endeavoring, for more than 12 years, to effect the necessary improvements in the fiscal operations of the legislative process, the House of Representatives has so far failed to act favorably on this proposal. I am convinced that a majority of the Members of that body are as interested in correcting these budget management deficiencies of the Congress as are Members of the Senate. This is evidenced by the fact that 24 Members of the House have already introduced identical or similar bills in the 88th Congress.

It is the sincere desire of the committee that these hearings will be instrumental in obtaining the support of a majority of the Members

of the House so that this important legislation may be enacted into law at the present session of the Congress.

I will ask that there be printed in the record at this point a copy of S. 537.

(S. 537 follows:)

[S. 537, 88th Cong., 1st sess.]

A BILL To amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 138 of the Legislative Reorganization Act of 1946, as amended, is hereby amended to read as follows:

**"JOINT COMMITTEE ON THE BUDGET**

"Sec. 138. (a) There is hereby created a joint service committee, to be known as the Joint Committee on the Budget (hereinafter in this section called the 'joint committee') to be composed of fourteen members as follows:

"(1) Seven Members who are members of the Committee on Appropriations of the Senate, four from the majority party and three from the minority party, to be chosen by such committee; and

"(2) Seven Members who are members of the Committee on Appropriations of the House of Representatives, four from the majority party and three from the minority party, to be chosen by such committee.

"(b) No person shall continue to serve as a member of the joint committee after he has ceased to be a member of the committee from which he was chosen, except that the Members chosen by the Committee on Appropriations of the House of Representatives who have been reelected to the House of Representatives may continue to serve as members of the joint committee notwithstanding the expiration of the Congress. A vacancy in the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as the original selection, except that (1) in case of a vacancy an adjournment or recess of Congress for a period of more than two weeks, the members of the joint committee who are members of the committee entitled to fill such vacancy may designate a member of such committee to serve until his successor is chosen by such committee, and (2) in the case of a vacancy after the expiration of a Congress which would be filled from the Committee on Appropriations of the House of Representatives, the members of such committee who are continuing to serve as members of the joint committee, may designate a person who, immediately prior to such expiration, was a member of such committee and who is reelected to the House of Representatives, to serve until his successor is chosen by such committee.

"(c) The joint committee shall elect a chairman and vice chairman from among its members at the first regular meeting of each session: *Provided, however,* That during even years the chairman shall be selected from among the members who are Members of the House of Representatives and the vice-chairman shall be selected from among the members who are Members of the Senate, and during odd years the chairman shall be selected from among the members who are Members of the Senate and the vice chairman shall be selected from among the members who are Members of the House of Representatives.

"(d) The joint committee may make such rules respecting its organization and procedures as it deems necessary: *Provided, however,* That no measure or recommendation shall be reported from the joint committee unless a majority of the committee assent.

"(e) It shall be the duty of the joint committee—

"(1) (A) to inform itself on all matters relating to the annual budget of the agencies of the United States Government, including analytical, investigative, audit, and other reports on Federal Operations prepared by the General Accounting Office pursuant to section 312 of the Budget and Accounting Act, 1921, the Government Corporation Control Act, and section 206 of the Legislative Reorganization Act of 1946, and by other Federal agencies, and including the initiation or continuation of Federal programs by utilization of borrowing authority, contract obligational authority, or other means which do not require direct appropriations for the initiation or continuation of such programs; (B) to provide the Committee on Appropriations of the

House of Representatives and the Committee on Appropriations of the Senate with such information on items contained in such budget, and the justifications submitted in support thereof, as may be necessary to enable said committees to give adequate consideration thereto; (C) to consider the President's messages on the state of the Union and the Economic Report, to consider all information relating to estimated revenues, including revenue estimates of the Department of the Treasury and the Joint Committee on Internal Revenue Taxation, to consider essential programs, and to consider changing economic conditions; and (D) to report to the Appropriations Committees of the House of Representatives and the Senate its findings with respect to budget estimates and revisions in appropriations required to hold expenditures to the minimum consistent with the requirements of Government operations and national security;

"(2) to recommend to the appropriate standing committees of the House of Representatives and the Senate such changes in existing laws as may effect greater efficiency and economy in government;

"(3) to make such reports and recommendations to any standing committee of either House of Congress or any subcommittee thereof on matters within the jurisdiction of such standing committee relating to deviations from basic legislative authorization, or to appropriations approved by Congress which are not consistent with such basic legislative authorization, or to cutbacks in previously authorized programs which require appropriations, as may be deemed necessary or advisable by the joint committee, or as may be requested by any standing committee of either House of Congress or by any subcommittee thereof;

"(4) to report to the Committees on Appropriations of the House of Representatives and the Senate at the beginning of each regular session of the Congress the total estimated costs of all programs and projects authorized by the Congress, together with estimated costs of such programs and projects during the fiscal year underway, the ensuing fiscal year, and subsequent fiscal years, and to make such interim reports as may be deemed advisable.

"(f) The joint committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act anywhere within or without the District of Columbia whether the Congress is in session or has adjourned or is in recess; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems necessary to carry out its functions within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman or vice chairman of the committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U.S.C., title 2, secs. 192-194) shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this section.

"(g) The joint committee shall have a staff director, an associate staff director, and such other professional, technical, clerical, and other employees, temporary or permanent, as may be necessary to carry out the duties of the joint committee. Such employees shall be employed without regard to the civil service laws, and their compensation shall be fixed without regard to the Classification Act of 1949, as amended. The staff director shall be appointed by and responsible to the members of the party of which the chairman of the joint committee is a member, and the associate staff director shall be appointed by and responsible to the members of the opposition party. No person shall be employed by the joint committee unless the members appointing him have favorably considered the data with respect to him submitted by the Federal Bureau of Investigation after a thorough investigation of his loyalty and security.

"(h) The joint committee shall make available members of its staff to assist the staffs of the Committees on Appropriations of the House of Representatives and of the Senate and the several subcommittees thereof during the periods when appropriation bills are pending.

"(i) Professional and technical employees of the joint committee, upon the written authority of the chairman or vice chairman, shall have the right to examine the fiscal books, documents, papers, and reports of any agency of the United States Government within or without the District of Columbia, and data related to proposed appropriations incorporated in the annual budget transmitted by the President.

"(j) The annual budget of the United States shall henceforth include a special analysis of all active long-term construction and development programs and projects authorized by the Congress, showing for each the total estimated cost, and the actual or estimated expenditures during prior fiscal years, the current fiscal year, the ensuing fiscal year, and subsequent fiscal years. All grant-in-aid programs shall be included in this analysis, in a separate grouping, showing under the heading 'Subsequent Fiscal Years' for grants of indefinite duration the estimated annual cost for a ten-year period. Each agency carrying on any program by utilization of the borrowing authority shall, at such times as the committee shall specify, report to the committee upon the extent of its borrowings under such program, and upon its operations generally under such program. Upon request of the joint committee, any agency shall submit to the Appropriations Committees of the House of Representatives and the Senate estimates for proposed appropriations on an annual accrued expenditure basis.

"(k) Qualified members of the staff of the Bureau of the Budget shall, at the request of the Committee on Appropriations of the House of Representatives or the Senate, or any subcommittee thereof, be assigned to attend executive sessions of the subcommittees of the Appropriations Committees and to explain the content and basis of proposed appropriations.

"(l) The Comptroller General of the United States shall, at the request of the chairman of the Joint Committee on the Budget, make such investigations and reports with respect to any agency as will enable such joint committee to give adequate consideration to items relating to such agency which are contained in the budget as submitted by the President, and the justifications submitted in support thereof; and, for this purpose, the Comptroller General is authorized to employ technical and professional personnel without regard to the civil service laws, rules, or regulations, and fix their compensation without regard to the Classification Act of 1949, as amended.

"(m) When used in this section, the term 'agency' means any executive department, commission, council, independent establishment, Government corporation, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the Government. Such term includes the Comptroller General of the United States and the General Accounting Office, and includes any and all parts of the municipal government of the District of Columbia except the courts thereof.

"(n) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Appropriations for the expenses of the joint committee shall be disbursed by the Secretary of the Senate upon vouchers signed by the chairman or vice chairman."

Sec. 2. Section 133 of the Legislative Reorganization Act of 1946, as amended, is amended by adding at the end thereof the following new subsection:

"(g) (1) All bills and joint resolutions authorizing appropriations reported from committees of the Senate or the House of Representatives shall be accompanied by reports in writing, which shall be printed; and there shall be included in each such report or in an accompanying document an estimate from the department or other agency of the legislative, executive, or judicial branch of the Government primarily concerned of the probable cost of carrying out the legislation proposed in such bill or resolution over the first five-year period of its operation or over the period of its operation if such legislation will be effective for less than five years. If the chairman of the committee determines that no existing department or agency is primarily concerned with the legislation, the estimate shall be made by the Bureau of the Budget.

"(2) Estimates received from departments or agencies under this subsection may be submitted by the committees to the Bureau of the Budget for review, and such reviews, when practicable, shall be included in the reports or accompanying documents before said bills and joint resolutions are reported.

"(3) The Joint Committee on the Budget shall maintain compilations of all such estimates, and semiannually shall print those compilations (together with any comment of the Bureau of the Budget) for the information of the Congress."

Sec. 3. Section 139 of the Legislative Reorganization Act of 1946, as amended, is amended by adding at the end thereof the following new subsection:

"(e) The Joint Committee on the Budget is authorized to recommend that joint hearings be held by the Committees on Appropriations of the House of Representatives and the Senate, and of subcommittees thereof; but such joint hearings shall not affect the power of the respective committees, and of subcommittees thereof, to conduct separate additional committee hearings, and

shall not affect the independence of committee deliberations and decisions. The chairman of each such joint hearing shall be the chairman of the Committee on Appropriations, or of the appropriate subcommittee thereof, of the House in which the bill is pending at the time of the hearing, and the vice chairman shall be the chairman of the Committee on Appropriations of the other House, or of the appropriate subcommittee thereof."

The CHAIRMAN. At this time, I want to welcome the witnesses who will appear this morning. I believe we have three scheduled. The committee appreciates their interest and their willingness to come and testify for the record, giving us their views and their counsel with respect to this measure.

The first witness scheduled is our distinguished colleague in the Senate, Senator Holland.

Senator Holland, will you come forward, please?

Senator HOLLAND. Thank you, Mr. Chairman and members of the committee.

The CHAIRMAN. We welcome you and we very much appreciate not only your cosponsorship of the bill, but also your willingness to testify in support of it.

TESTIMONY

STATEMENT OF HON. SPESSARD L. HOLLAND, A U.S. SENATOR FROM THE STATE OF FLORIDA

Senator HOLLAND. Thank you, Mr. Chairman and members of the committee.

I first would like to express my appreciation for your invitation to testify on S. 537, a bill to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States.

I think, Mr. Chairman, that the title of this important proposal is most revealing. It not only states clearly the intent of the bill but also implies the necessity for its enactment into law if the Congress is to discharge its constitutional responsibility to maintain control over the seemingly ever-increasing expenditures of the Government and of the public funds.

Note the words in the title, "to provide for more effective evaluation of the fiscal requirements of the executive agencies." To me, this means we do not presently effectively evaluate the fiscal requirements of the executive agencies and certainly from the many years of experience I have had as a member of the Senate Appropriations Committee, we do not effectively evaluate the expenditures they make.

I think that the chairman probably knows as well as any other Member of Congress the impossibility in the Senate, at least—and the same point, I think, can be made, however, with less force, in the other body—the impossibility of any Senator, no matter how active and how conscientious, to have complete understanding of all of the matters he is required to handle as a member of the Appropriations Committee, in the time allowed for him to do so.

Mr. Chairman, wholly as a matter of illustration, I would like to call attention to the facts in my own case, because I know something about this situation from my own experience, that, with the various assignments that we have to carry because of the smallness of our body as compared with the substantially larger body at the other end

of the Capitol, it is a monumental task, and, I think, impossible of complete solution, to really master all of the matters which come before us.

In my own case, in addition to the Appropriations Committee, I am also a member of the Committee on Agriculture and Forestry, and the Committee on Aeronautical and Space Sciences, more widely known as the Space Committee, and of various subcommittees of the former. But, confining myself to the Appropriations Committee, I am the chairman of one of the subcommittees, that dealing with agricultural appropriations, and a member of five others, all of them charged with the handling of matters of great detail.

For instance, I have the honor to be a member of the subcommittee chaired by the able chairman of this committee, the Subcommittee on Appropriations for State, Justice, Commerce, and the Judiciary, and the amount of detail handled by that one committee is of tremendous consequence.

I am also a member of the subcommittee chaired by the distinguished senior Senator from Louisiana, Senator Ellender, the Public Works Subcommittee, which, again, is one involving endless detail; and of another subcommittee headed by the distinguished Senator from Alabama, Senator Hill, having to do with appropriations for the Department of Labor and the Department of Health, Education, and Welfare; and a member of the subcommittee handling the supplemental and deficiency bills, which spread across the entire rainbow of the executive departments and other agencies of the Government.

It is completely impossible for any one Senator to find the time to grasp completely all of the details of such assignments, even if he had no legislative assignments, and I have already mentioned that in my own case I have the legislative assignments of the Agriculture and Forestry Committee, and of the Space Committee, from which I have just come here to testify.

The CHAIRMAN. Senator Holland, will you yield at that point?

Senator HOLLAND. I will be glad to yield.

The CHAIRMAN. Senator, do you agree with me, in view of the workload that these committees have, that the present staff which we provide ourselves with on the Appropriations Committees and its subcommittees can do no more, in the time available to them, than check on appropriation requests as submitted. We cannot put additional burdens on them by requiring them to go out and follow through on appropriations or to make an investigation of the need for appropriations?

Senator HOLLAND. Of course, I agree with that, Mr. Chairman. I do not know of any more dedicated group of public employees than that which we have in the staff of the Senate Committee on Appropriations. From my observations, they are not only overworked, but they are among the most intelligent and knowledgeable group, as to the matters which they handle, that I have ever found in any branch of government, anywhere.

I certainly commend them, and I appreciate and heartily approve the statement of the chairman.

The CHAIRMAN. I think we ought to make it very clear in the record on this bill that this is not a reflection upon the staff of the Appropriations Committee.

tions Committee. They perform the task that is now assigned to them. They do it and do it well. But the staff that we have is so limited that it cannot be given this other work of checking budget requests and obtaining the information that the Senators, the members of the Appropriations Committees, and the Congress need, to weigh, to correctly evaluate, to pass an informed judgment on those requests.

I think that is what we are searching for here: some tools with which to work, that will help us to do our job more efficiently and assist in effectuating some economies, where now there may be some waste and extravagance.

Senator HOLLAND. Mr. Chairman, I certainly approve that statement. We are now considering for fiscal 1964 a budget of some \$99 billion in expenditures and \$108 billion in appropriations and other spending authority; in addition, every year we are faced with requests for supplemental appropriations which reach us from time to time during the course of the session. We generally have about three supplemental bills, sometimes four or more.

We have already passed one, the commodity credit supplemental, which is regarded as a very small one, and was passed without any extended debate, but it involved \$508 million, as the Senator well knows.

So it is very clear that really coming to grips with this problem requires more machinery, more detailed information, more skillful advice, than we can possibly have under present conditions.

My own feeling, and I have talked to some Members of the other body who feel the same, although, of course, their commitments are generally smaller than ours because of their greater number and because of the fact that, generally, most of them have only assignment to one of the standing legislative committees, but, even in talking to them, I find that they are quite aware of the fact that frequently they need information which they do not have under the present arrangements, and which they have not acquired during the time of the hearings which they conduct.

I commend them, Mr. Chairman, upon the very able and active hearings which they do conduct, and which, in many instances, are longer, more complicated, and bring out more facts than we are able to do in the more limited time which we have.

The CHAIRMAN. If the Senator will yield further at that point, I would like to point out that in our legislative processes, in processing a bill, a legislative act, the opposition has an opportunity to be heard. We will have a bill before us. We hold hearings on it, as we are doing here now. Those who oppose the measure have an opportunity to be heard. Often, those who oppose a measure indicate where amendments may be needed to the original measure to prevent it from doing something that it should not do and that someone has overlooked; or they may present outright opposition that convinces the committee holding the hearings and the Congress that the measure should not pass.

But I point out this difference:

In the Appropriations Committee today, because of lack of staff, because of lack of tools with which to work, the processing of an appropriation bill is largely an ex parte proceeding on the part of those who are asking for the money. Persons who oppose a proposed spending program seldom appear.

Most of them, of course, are officials of the Bureau of the Budget and executive-branch departments and agencies. Thus, again, we are compelled to rely upon one side and a one-sided presentation, because there is no preparation of essential information concerning the need for the requested funds. We have not provided ourselves with an independent source which would enable us to make a check against that testimony which is presented by those who want the money to spend.

I think it is important that we find some way, if this is not the way, that we do find some way, to get information as to the other side of the picture before the Congress.

Senator HOLLAND. Mr. Chairman, I appreciate that suggestion. By way of illustration of that point, the subcommittee of which I am chairman, the Subcommittee on Appropriations having to do with agricultural appropriations, has just completed its agenda for hearings, in which, in a bipartisan way, I have had the privilege of conferring with my opposite number, the Senator from North Dakota, Mr. Young.

I am not sure how many days, but I think it is 11 that have been set up for the hearing of the agencies in that farflung empire which is now the Department of Agriculture. So far we have set up 3 days for the hearing of witnesses from outside the Government which, I think, illustrates the point that the able chairman has just made.

The CHAIRMAN. Very likely, most of them who will want to be heard outside of the agency are there to support a particular appropriation and will ask for an increase in it.

Senator HOLLAND. There are some who will ask for support of items in the budget, some who will want increases, and very, very few who will object to anything that is requested, I am sure.

Mr. Chairman, may I add to my earlier testimony my sixth subcommittee, which is the Subcommittee on the Independent Agencies, which, itself, as the chairman well knows, covers the greatest single block of appropriations made for any department, for any single group of activities in our Government other than the Defense Department.

Mr. Chairman, I am well aware, as is every member of this committee, that the Senate on five separate occasions has passed this most important measure by overwhelming majorities. I am also equally aware that the other body of the Congress, the House of Representatives, has not, as yet, seen fit to approve the Senate's action.

I hope, Mr. Chairman, and I am inclined to believe, that we may find a changed attitude in the other body at this time because it is becoming so very clear that we are overspending and that we are digging ourselves more and more into indebtedness which somebody has got to meet someday, unless we have a catastrophe in this country of the like of which we have not seen for many years. I think that there is a real chance for passage of this bill this year, and that is why I gladly accepted the invitation to be heard on it.

Mr. Chairman, it seems to me most significant that the chairman of this committee, my distinguished friend, the senior Senator from Arkansas, Senator McClellan, who in his 20 years of service in the Senate has contributed so greatly to the welfare, financial stability, and the security of this great Nation of ours, together with 76 of our

colleagues on both sides of the aisle, is again, despite five previous efforts, making the stanch fight to provide the Congress with the means to discharge its constitutional responsibilities to safeguard the financial foundation of the country and to protect the disbursement of the public funds.

Mr. Chairman; these days when we know that the Executive power is so greatly enhanced, when we are realizing every day—and anyone who reads the decisions of the Supreme Court yesterday will know that they illustrated the point quite well—that the Court, the judicial branch, is taking more and more power and responsibility, whether rightfully or wrongfully. The power of the purse is the one thing which the Congress can control, provided it controls it, and this bill is a tool, a piece of machinery, which, in my humble judgment, will enable us to do a much more effective job in controlling our exercise of the power of the purse, which the Congress, alone, has, and which, if the Congress, alone, does not safeguard, will not be safeguarded in behalf of the preservation of fiscal responsibility and financial stability in this Nation.

Whether we realize it or not, Mr. Chairman, in these days of great world responsibility for our Nation, there is not any single thing which I think could destroy our effectiveness more than to allow ourselves to go ahead in the present course, so evident for the last several years, of overspending, of piling up indebtedness, and of weakening our financial stability. And our stability is the greatest and strongest staff that the whole free world has to rely upon in these difficult times.

The CHAIRMAN. Will the Senator yield at this point?

Senator HOLLAND. I am glad to yield.

The CHAIRMAN. You spoke of the power of the purse. Since power of the purse is vested in the Congress, I think of it as the brake that Congress can apply, if it will, to this course which you have illustrated here and pointed out as being possibly a dangerous course that we are traveling.

The Congress can, if it will, apply the brakes.

Senator HOLLAND. We not only can, Mr. Chairman, but we should. We must.

The CHAIRMAN. That is right.

Senator HOLLAND. And if we do not, we have missed, I think, a very fundamental element of our responsibility in this field, which is of such great importance.

The CHAIRMAN. Sometimes, in public addresses, I emphasize over and over that, notwithstanding the President submits the budget—and that is his prerogative and responsibility—the final responsibility is in the Congress, itself. It must share the blame if things are going wrong; in fact, it has the power to stop it and to check it, if it will.

Senator HOLLAND. The Chairman is so right in that, and I commend him for that statement. In fact, I make that point in my statement as you will note.

I therefore commend you, Mr. Chairman, each member of this committee and every Member of the Senate who is so stanchly behind you in sponsoring this measure. Their sincerity of purpose cannot be challenged, their dedicated interest in constitutional government is to be commended, and their determination, despite the previous

failures, is to be applauded. And I do applaud all of them, Mr. Chairman, but particularly yourself, for you have carried the brunt of this fight.

The CHAIRMAN. I want to join the Senator in expressing the hope that the other body this time will act favorably in considering this proposal and weigh its objectives in the light of the need of the times, the need of the situation today, and not with any idea that there is any purpose, either by design, imaginary or otherwise, for the Senate of the United States to trespass upon any constitutional prerogatives of the House of Representatives.

Senator HOLLAND. Mr. Chairman, I join you in that statement. As far as I am concerned, I have already said what I think about the thoroughness of the hearings in the House of Representatives, and, having sat on conference committees in this field for a good many years, I frequently find a situation under which members of the committees of the House have the firmest possible grasp of some matters which we may have not been able to obtain because of the shortness of time and our other heavy duties.

I must say, in behalf of the Senate, that we frequently get a view as to some matters which are appealed, which are supplemental to, and I think helpful to, the reaching of a more favorable decision, and then, of course, we frequently have before us many new items which are not considered by the House of Representatives.

So this is a joint job, Mr. Chairman, in which I think we will be most helped and most served by the setting up of this new congressional staff arm, but in which I am very sure that the other body will also be substantially helped. My observations are not made at all with a view to assisting only one body. After all, the Congress, as a whole, is responsible for the appropriation of public funds; and after all, this power of the purse is exercised by the Congress, as a whole; and, after all, it is in the exercise of it that we can most firmly hold on to the constitutional power and responsibility which is ours above any other department of Government, and for which, in my judgment, the informed people of our country will judge us as to whether or not we have acquitted ourselves well or otherwise in this field.

Mr. Chairman, it is not necessary for me to go into the details of this measure. That has been done well at previous hearings by many of my colleagues whose concern over the Congress' inability to maintain control of the purse strings is equally shared by me. I would only say that it has become more essential than ever that we equip ourselves with the means by which we can intelligently evaluate the executive agencies' budget requests, make a sound, sensible decision on the amounts that should be appropriated to them, and then—and this to me is most important, Mr. Chairman—maintain close scrutiny over their expenditure of the public moneys appropriated to them.

There is no better way that I know of, Mr. Chairman, for us to deal intelligently with the \$99 billion expenditure budget, or the \$108 billion budget, from whichever point of view you consider it, which the administration has presented to the Congress for fiscal 1964. There is no better way that I know of for us to make a fair, equitable determination on the estimates that the executive agencies present to us, and, finally, there is no better way that I know of for us to

effectively evaluate how they have spent the moneys we have given them than for us to be in possession of complete information, such as this joint committee would allow us to have, providing the hard, cold facts justifying the expenditures of the taxpayers' money.

I make these points, Mr. Chairman, and I wish to make this expressly clear, with no criticism of my colleagues who serve with me on the Appropriations Committee and certainly without the slightest criticism of the hardworking, loyal members of the Appropriations Committee staff.

Mr. Chairman, along with you and other members of this committee who also are members of the Appropriations Committee, as I may have previously pointed out, I can speak with some experience in this matter.

I repeat what I have said earlier: it is most difficult, and sometimes impossible, for members of the committee, even though they attend most conscientiously to the task before them, which each of them does, to always make intelligent decisions upon complicated budget matters of the magnitude of those with which we must contend, in the brief length of time given to consider the matter, and upon the basis of the information presented by the staff in the short time allowed them.

In my opinion, the present measure would provide means by which the two Appropriations Committees may better evaluate the estimates the executive agencies submit and the necessity for the expenditures they propose.

The bill provides for the establishment of a Joint Committee on the Budget, which would consist of seven Senators who are members of the Committee on Appropriations of the Senate, four from the majority party and three from the minority party, and seven Members of the House of Representatives who are members of the House Committee on Appropriations, four from the majority party and three from the minority party. The Joint Committee would:

Inform itself on all matters relating to the annual budget of the executive agencies, including analytical, investigative, and audit reports prepared by the General Accounting Office and including Federal programs financed by borrowing authority, contract obligational authority, or other means which do not require direct appropriations for their initiation or continuation.

Report to the Senate Committee on Appropriations and the House Committee on Appropriations at the beginning of each regular session of the Congress the total estimated costs of all programs and projects authorized by the Congress, together with estimated costs of such programs and projects during the fiscal year underway, the ensuing fiscal year, and subsequent fiscal years, and make such interim reports as may be deemed advisable.

Provide the Senate Appropriations Committee and the House Appropriations Committee with such necessary information on the estimates contained in the Federal budget, and the justifications submitted in support thereof, as may be necessary to enable the two Appropriations Committees to give adequate consideration thereto.

The bill, in addition, provides that the Federal budget shall henceforth include a special analysis of all active, long-term construction and development programs and projects authorized by the Congress,

showing for each the total estimated cost, and the actual or estimated expenditures during prior fiscal years, the current fiscal year, the ensuing fiscal year and subsequent fiscal years. All grant-in-aid programs would be included in this analysis, under a separate heading, showing, for grants of indefinite duration, the estimated annual cost for a 10-year period.

Finally, Mr. Chairman, to keep members of the two Appropriations Committees currently abreast of the preparation of the annual budget, of its development in the executive agencies during the fiscal year, and to provide them with adequate information for its consideration by the committees, the bill provides for a permanent professional staff which, at the direction of the joint committee, may be assigned to work with the budget officers of the executive agencies throughout the fiscal year. It also provides that qualified members of the staff of the Bureau of the Budget shall, at the request of either of the standing Appropriations Committees of the Congress, be assigned to attend executive sessions of the Appropriations Committees' subcommittees to explain in detail the budget estimates their agencies submit.

It is interesting to note, Mr. Chairman, and heartening, too, that we in the Senate stand not alone in this fight for more effective financial responsibility. The Tax Foundation, the U.S. Chamber of Commerce, the Comptroller General of the United States, and others who, in my opinion, represent some of the most astute financial thinking in this Nation, all vigorously support the objectives of this proposal. I would say in passing, and not necessarily lightly, Mr. Chairman, all of us cannot be wrong.

In closing, Mr. Chairman, I wish to strongly reaffirm my deep interest in this measure. I have supported it in the past; I support it even more strongly today, and I will join with the members of this committee in making every effort to enact into law this measure, which I believe is so vital to our country's welfare. I think that the 27 members of the standing Appropriations Committee, augmented, as we are, by the 3 members who are ex-officio in various fields of appropriations, are doing the best they can under the conditions now obtaining, and I think that the expenditure of this very small amount of money, whatever it is, will not be very much larger than the salaries of various specialists, consultants, and accountants whom we bring in from time to time.

That the expenditure of this money to keep a going, permanent, active contact with this whole problem and to keep the Congress informed about it will be the best money we will spend, or provide for the expenditure of, in this session. I do hope that your effort and the effort of others who stand with you will be successful at this time.

I thank you, Mr. Chairman.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Chairman, I wish to commend the distinguished Senator from Florida upon his statement. I gathered from the colloquy between the chairman of this committee and yourself as the witness that you feel that the present procedures are inadequate to hold down expenditures as they should be held, is that right?

Senator HOLLAND. That is completely true, simply because of lack of sufficient information in detail as to what is involved in some of these enormous requests that pour in upon us.

Senator CURTIS. Then, in other words, you would welcome such reasonable changes in procedure as would place a restraint on the urge to spend in Government?

Senator HOLLAND. I would welcome it, and I would work hard for it.

Senator CURTIS. Yes.

Now, I hope you will notice that the junior Senator from Nebraska now speaking is a cosponsor of this bill.

Senator HOLLAND. I have noticed that, and I appreciate the fact that he is one of those who feels that this is necessary.

Senator CURTIS. I mention that to point out I am certainly not hostile to the idea. I favor a joint House-Senate Budget Committee, and the fact that I am for the measure, I trust that the question which I am about to ask will not be considered as anything but constructive.

Certainly, I am not motivated by any committee rivalry. But is there any particular reason for the number of 14 for this committee?

Senator HOLLAND. Mr. Chairman, I am not familiar with the existence of any such particular reason.

It may be that the chairman of your committee, Senator McClellan, had a particular reason, but that number, seven to each House, allows as a reasonable matching of numbers from the two parties. In other words, the majority party at any time will have four; the minority party will have three of the seven Members from each House.

It might be that a total of five would do as well. It might be even that three would do as well. Apparently the chairman, who has spent so much time in evolving the details of this program, has felt that seven from each House is a more appropriate number than any other.

Senator CURTIS. And they would be from the Appropriations Committees?

Senator HOLLAND. Yes.

The CHAIRMAN. Will the Senator yield at that point?

Senator CURTIS. Yes.

The CHAIRMAN. The Chair would make this observation about the number. There is no magic in the number. Nobody is wedded to this particular number. The idea was to make an initial determination of some number, and also to indicate that we do not need a big committee. It could become cumbersome, if it were too large. This is a matter that can be resolved in discussions in executive session when we mark up the bill.

I see no magic in the number. I just thought it ought not be a very large number.

Senator CURTIS. If I may say to my chairman, my reason for raising the point is merely preliminary to the main point that I want to raise about this proposed legislation. It just happens that the greater share of my almost quarter of a century in the Congress has been spent on committees charged with raising revenue. The Ways and Means Committee of the House of Representatives is the oldest committee in the Congress. It is older than the Republic. It was the first committee created by the Continental Congress, and it has been in continuous operation.

Upon that committee falls the responsibility of keeping up with the appropriations in the House or recommending measures to provide for the public debt. The Senate has the Committee on Finance.

Upon these two committees fall the responsibility of recommending the measures to the Congress to take money away from the citizens to keep current with appropriations. It is constant.

The decision in the House of Representatives on whether or not existing corporate rates will have to continue must be made and carried by those 25 men.

Many bills will be introduced. I could pick up a dozen bills that would suggest the personal exemption be raised from its present \$600 to \$1,000. If that were done, 16 million taxpayers would go off the tax rolls completely, but a lot of people favor it.

Those two committees must take the responsibility of saying "Yes" or "No" to these proposals.

When excise taxes expire, those two committees—and, while the Senate Committee on Finance's action is not final because the Senate considers tax bills under an open rule, it still is very important. The House usually considers tax bills under a closed rule. So 25 men have to take the responsibility in deciding the excise tax on liquor, tobacco, gasoline, automobiles, personal income tax, corporate tax, debt taxes, and, if they fail to get in enough, then they must recommend a raise in the debt ceiling.

This is a statutory function. It should not be abolished. I do not think it serves quite the purpose it should, but I do not think it should be abolished. But, in any event, they have jurisdiction over the national debt in some manner.

Now, if you want a restraint on spending, I think that you should tap the personnel of the committees who have the job of taking this money away from the citizens, recommending measures to take it away, because that makes it a concern of the individual.

I think such individuals as Harry Byrd, the chairman of the Finance Committee, the distinguished Senator from Delaware, Mr. Williams, the outstanding chairman of the Ways and Means Committee, Mr. Mills, and the ranking member of that committee, Mr. Byrnes of Wisconsin, would bring to this overall Budget Committee an insight on the problem of balancing income with outgo.

Now, if they would not do your Budget Committee any good, I am sure they would do themselves some good for this reason: They would at least have a picture of what the spending program is. It was not always so. I think history will show that the House Committee on Appropriations is an offspring of the Ways and Means Committee, because one committee could not handle all the detail.

I would like to have your comment on that.

Senator HOLLAND. Well, Senator Curtis, I certainly would have no possible objection to the amendment of the bill so as to include some of these gentlemen. I do call your attention to the fact that there is already a Joint Committee on Revenue Taxation on which the distinguished Senators and Representatives whom you have mentioned are members.

Perhaps that enables them to fulfill the function which you have in mind, perhaps not.

I am perfectly willing to leave it to the committee, and I would cosponsor this bill with equal firmness.

What I want to do is to get the machinery set up and to have it piloted by outstanding Members of both Houses. I realize we have

some other agencies, like the Joint Committee on Revenue Taxation and the General Accounting Office which is an arm of the legislative branch and which enables us to find out, after the expenditure, how well the executive agencies have adhered to the directions of the Congress.

This committee by whomever it may be controlled by, so far as the committee personnel is concerned, is, as I see it, to fulfill a completely different function and to supplement the activities which we now have.

Senator CURTIS. May I say in response that the Joint Committee on Federal Revenue Taxation fills a very fine purpose, but not at all what I had in mind here. The problem I raise is not one of House and Senate cooperation. Those two committees have excellent cooperation. The Senate members of the Finance Committee readily go over to the House side and sit down at a conference with the members of the Ways and Means Committee, they have the finest relationship, and the staff of the Joint Committee on Revenue Taxation has proved to be very efficient.

My point is that the committees charged with recommending the harsh and unbearable and destructive taxation have, as such, not the slightest control over expenditures. There is no machinery set up to give them the inside dope as to what might happen in the way of appropriations. I think that is the weakness of this proposal.

Now, I do not believe I am motivated by mere committee rivalry or jealousy. The junior Senator from Nebraska has been criticized for having more standing committees than any members of this body in the Senate, and so I am not seeking any more for myself. But, if it is an overall picture involving the financial stability of this Republic, I think we have to give attention to the income as well as the outgo.

Therefore, I would hate to see this bill become law and do only half a job.

Senator HOLLAND. If I may comment on that, not only would I have no objection to any such change, but if, in the joint judgment of such able men as those whom I see before me, three of whom, as I see now, have served in both bodies—that is, the chairman, the Senator from South Dakota, and the Senator from Nebraska, who has just been propounding these questions—it would seem to me that from such a broad view and broad understanding of what happens in both bodies and what is not happening to our Nation, that the recommendations of such a committee would be most persuasive.

So far as I am concerned, I am willing to accept them in advance on the question of from what source the committee shall be drawn. I just want them to be the most able, the most experienced, the most dedicated members of the two Houses, whom we can call to this new and, I think, highly important task.

Senator CURTIS. I thank the Senator.

Now, my point really boils down to this. Take the chairmen of those two committees: Senator Byrd and Wilbur Mills. They have a tremendous responsibility. They have to recommend the legislation to collect their tremendous sum of money, or it will fall upon them to bring in an amendment to increase the debt requirement. Yet, we revise our budgetary procedure, and they are excluded.

I think what is done here is excellent, but it falls so short of what we could do in the same field.

Now, I want to ask another question along a different line.

Senator MUNDT. I would like to ask a question. Will you yield?

Senator CURTIS. Yes.

Senator MUNDT. I would like to ask my colleague the question as to whether he does not feel that the provision on page 6, identified as subsection 4, would not pretty well meet this problem. It says among the functions—

is to report to the Committees on Appropriations of the House of Representatives and the Senate beginning at each regular session of the Congress the total estimated costs of all programs and projects authorized by the Congress together with estimated cost of such programs and projects during the fiscal year under way, the ensuing fiscal year, and subsequent fiscal years, and to make such interim reports as may be deemed advisable.

We could add to that, without doing any violence to the basic concept, to report to the Committees of Appropriations of the House and add to it the Committee on Finance and the Committee on Ways and Means, to have this information available in deciding the burden that you would have to meet taxwise.

Senator CURTIS. My point is not alone that they have information. My point is that they be participants in arriving at how much we spend. Now, that leads me to my next question.

Will this new joint committee formulate a legislative budget of recommended appropriations and expenditures for the ensuing year?

Senator HOLLAND. I think that the power to formulate and report the budget will still have to be in the Executive. I think that this is an agency which will be charged with close supervision of that, and report as to where they think the budget has gone astray; what is the sound amount that could be spent without hurting the country; all types of information that, I think, would still be short of formulating a specific, overall budget, because, after all, the Executive has to recommend that under the system of government, and the Congress, as a whole, has to pass upon it. This, then, is a body in between, and is to be the most knowledgeable group. I may say that I think the staff of such a committee is going to be the real source of detailed information of the greatest importance, because, if the committee members themselves are charged with this additional, detailed duty, it will just be added to the huge load which every Senator now carries so that I think it is the added staff—the permanent professional staff—that is going to be most helpful to Congress in mastering the tremendous problems we are faced with, and will always be available to assist the members of the revenue committees if they so request.

Senator CURTIS. It was mentioned that in our appropriating processes there is an ex parte proceeding, appearance of people who want money. Is that not even worse than the preparation of the budget?

Senator HOLLAND. Yes.

Senator CURTIS. Did you ever hear of a taxpayer being heard?

Senator HOLLAND. Oh, yes; yes. I, myself, asked for various taxpayers in my own State to be heard by the Bureau of the Budget on specific projects, and I am sure that the distinguished Senator from Nebraska has had the same experience, and they have been heard.

But they are in the minority, and, of course, the will of the Executive, the President, after hearing all of the things he cares to hear, either personally or through the people whom he delegates to help

him, is what really determines the formulation of the budget, or more precisely its contents.

Senator CURTIS. Yes.

The gentleman has been very gracious and helpful, and I do not want to delay any longer. I do think that our basis budget law is very deficient. We have had some dedicated people in the Bureau of the Budget, some dedicated Budget Directors. But I believe there would hardly be a solvent household in the United States if they followed the same procedure.

What it is, it is a collection of requests of what everybody wants, and if the head of a household having several children would have everybody make up a list—"Now, what do you need? what would you like to have this coming year? do not forget travel, transportation, clothes, library, everything under the sun, new furniture, decorations"—then have the hired help submit a list of what they need, then take an adding machine, add it up, and then growl at them a little bit, cut it down a few percentage points, they still would end up with a requested budget many times more than the income of the family.

It seems to me budgetmaking should be for someone to tell them what they are going to get, rather than have them tell you what you are going to give them.

Senator HOLLAND. Of course, there is very much soundness in that position. I am not without some experience of observation in this field. In our own State where, as the Senator knows, I had the responsibility at one time to serve as chief executive, we had a budget bureau keyed with the chairmanship of the chief executive, himself, and with the members of the cabinet, who, themselves, were elected on a statewide basis. Since they were able to succeed themselves, in many instances they were much more knowledgeable than was the chief executive, at least speaking of my own time.

It came to be true a few years later than the expenditures of the State grew so heavily that the legislature saw fit to set up a continuing legislative committee to hold hearings throughout the State and to allow the citizens the chance to be heard upon proposed expansion of State services, let us say in the field of education or welfare or other services that were growing greatly.

That committee proved to be very effective and very useful. While it is not wholly comparable to what is suggested here, it has, in my judgment, served as a brake in our own State, the State of Florida, upon the ever-increasing trend of expenditures in certain fields.

I believe that the committee such as is suggested here—and, again, I am glad to leave to this subcommittee the matter of determining the question of personnel—can render a very great service. I think that the service will not only be direct, but I think it will be indirectly of great value, because I think that the Bureau of the Budget and the executive, knowing such committee exists and is checking every day of the year, will regard it in the nature of a cautionary device which will bring even more careful consideration by the Bureau of the Budget and on the part of the executive, and perhaps clearer justification of the appropriations they request and expenditures they propose.

I think it will be a well worthwhile brake just to have it in existence and sitting at all times and headed by personnel of the high type that everybody has in mind here.

The CHAIRMAN. Are there any further questions?

Senator GRUENING. Yes, I have just a few questions of the distinguished senior Senator. First of all, I want to commend him upon his statement. I find myself in agreement with the views he expressed.

Senator HOLLAND. I thank the Senator.

Senator GRUENING. As a cosponsor of this bill, I wonder whether I could ask him whether, as a member of the Appropriations Committee, he has been impressed with the disparity in the procedure dealing with domestic appropriations and those dealing with appropriations in the field of foreign aid. It seems to me that the appropriations on domestic matters are pretty well spelled out. They require authorization and then the appropriation process, whereas in the foreign aid there seems to be sort of a blanket granting which takes the foreign aid program very largely from the control of Congress.

Does the Senator share that view at all?

Senator HOLLAND. No, I do not share that view. I think we have a good, heavy fight each year on the authorization bill. There are few fields in which an authorization has to be annual.

And then I note, and sometimes I have complained of the attitude on the part of certain members of the Appropriations Committee who immediately start, even before the authorization bill has been signed by the President, to effect greater cuts than those which the Senate has accomplished on the floor.

The only complaint I would have, and on which I would uphold the attitude of the distinguished Senator from Alaska, is that these two bills both reach us so late in the session, and particularly the appropriations bill, that I think that the care of the hearings, the detail in which it is gone into, is largely affected by the lateness thereof.

My own feeling is that this has become so important, the amounts involved have become so great, the question of continuance in certain areas of the world has become so acute in the minds of citizens and in the minds of Members of the Congress that this subject matter ought to be handled at an early date in the session so as to permit of much more exhaustive hearings than has been possible under the system which we have followed now for some years in both Houses.

Senator GRUENING. I would like to develop that point a little with a current issue.

There is a financial delegation here from the Republic of Brazil which is seeking a very large amount of assistance; whether it be called credit, grant or loan, it makes very little difference; and it may be that, as a result of this meeting, they will leave here with half a billion dollars more than they had when they came here.

Now, it is true that foreign policy is the duty of the executive branch, of the President, but here is an enormous sum, the disposal of which is taken wholly from the control of the Congress.

We have poured something over \$2 billion into the Republic of Brazil under the foreign-aid program, and I think it will not be denied that there is very little to show for it.

Now, it seems to me that there is an example in which there is a great disparity between our attitude, the congressional attitude, toward the foreign-aid program and the domestic program. It would be unthinkable for the President or the executive branch to suddenly drop half a billion dollars into any part of the Union for purposes not authorized by the Congress, and, yet, that happens repeatedly in the foreign-aid program.

I wonder whether my friend from Florida has any suggestions as to how that could be controlled?

Senator HOLLAND. I do not have any at this time. I appreciate the continuing interest of the Senator from Alaska in this field. I congratulate him on it.

I think that the fact that we do not appropriate in detail in this field is not comparable to our regular, annual, domestic operation, so much as it is to what happened in time of great depression when we appropriated large amounts to the Executive to spend more or less in the ways that he determined would be most effective in promoting employment and in restoration of the public prosperity, because, after all, we are dealing with problems which primarily in this field of foreign aid are predicated upon our thought that these nations need help, and that we should give them help, I think, sometimes too generously.

I think—and I have agreed frequently with the Senator from Alaska—we have not differentiated as closely as we should between those who are our friends and those who are not, those who are willing to stand with us and those who either cannot or will not.

There are many questions yet to be determined in this field. But I hardly think it will ever become possible, when we are dealing with a subject that is primarily a subject of relief, to deal with the great detail in which we are accustomed to deal with all domestic problems. Much as I would like to see that done, I doubt if that will become possible, because of the complete difference, both in the size of the problem and the nature of the problem. Perhaps I am wrong.

Senator GRUENING. Well, the question of relief varies so greatly. We are now pouring aid into some hundred foreign countries, and they are certainly not all in equally straitened conditions, and, yet, the Congress really, in my judgment, has very largely abdicated its control over this tremendously important field.

It has been my observation that frequently appropriations that are sought in a rather vague way in the foreign-aid program from the Appropriations Committee are then diverted in the field to entirely different purposes. This could not happen in the domestic program without immediate corrective action by the Congress as soon as it was apprised of it. That has not happened in the foreign field.

I will not take the time of the committee now, but there are plenty of illustrations that I could cite to buttress that. I think that is one of the things that the Congress has got to be a little more vigilant about. We are dealing with tremendous sums. We talk about \$4.9 billion for aid, but, if you begin to look into it, you find that there are a dozen spigots by which foreign aid is ladled out, variously called loans, through AID, the Export-Import Bank, the International Development Bank, all kinds of ways that one discovers, loans which are not really loans at all.

I think that that is one of the things I hope that this committee, if this legislation is enacted, as I hope it will be, can be watchful about.

Senator HOLLAND. I certainly agree with the Senator that very much much more detailed information could be furnished to the Congress than is furnished, and that this committee would be a means by which this end could be accomplished, along with other very worthwhile ends.

I thoroughly agree.

The CHAIRMAN. Thank you very much, Senator.

Senator HOLLAND. I thank you, Mr. Chairman.

The CHAIRMAN. We do appreciate your support of this measure and your presence and the very fine testimony that you have given in support of it.

Along with you, I am hopeful that our friends in the other body will understand the objective of this bill and embrace it and support it and let us get this machinery established for the good of our country.

Senator HOLLAND. Mr. Chairman, I certainly join in that hope, and I have tried in my statement to have the record show how much greater is the task upon an individual Senator to come to grips with these enormous problems than is the case in the other body, with the hope that the other body will realize that, while I think they will receive great benefit from this new program, if it be adopted, that in this body a much greater degree of assistance will be given.

I thank the chairman.

The CHAIRMAN. Thank you very much.

The Chair would make this observation at this point. The clerk of the committee has checked and advises me that out of the 27 members of the Senate Appropriations Committee, 19 of them are cosponsors of this bill, and of the 8 members who are not cosponsors some 3, 4, or 5 of them have a definite policy of not cosponsoring any legislation.

Also, I would note for the record that all members of this Government Operations Committee are cosponsors of the bill.

We have with us today Congressman Ben F. Jensen of Iowa. Please come forward, Congressman.

Congressman Jensen is the ranking minority member of the House Appropriations Committee, and I believe he has introduced in the House a comparable bill, maybe identical, I am not sure. He can tell us about that. It is H.R. 3692. He has introduced it at this session of the Congress.

I might observe that in the past the ranking minority member of the House Appropriations Committee did not, I believe, give his support to this measure, and, thus, we are glad to see that his successor is supporting it.

Congressman Jensen, we are delighted to see you and to have you appear before us and give us your views regarding this proposed legislation.

TESTIMONY

STATEMENT OF HON. BEN F. JENSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA DC

Mr. JENSEN. Mr. Chairman, I am pleased and honored by having an opportunity to testify before this committee on this very important matter.

I have, as you know and as you have said, introduced a bill exactly worded as the bill which you and 76 other Senators have introduced in the Senate. I did that because I want to do everything I can and work with the Senators and anyone else who is anxious to reduce the budget to a reasonable amount.

Now, this proposed Budget Committee can be effective only if the Members of the Senate and the House, or a majority of the Members of the Senate and the House will make an about face and vote the conservative line, instead of the more liberal line, which has been the case over the past 30 years to a very great degree.

Mr. Chairman, I am in the habit of talking plainly and expressing my innermost thoughts and let the chips fall where they may. It seems that I have not gotten along too badly in doing so.

I note in reading the sponsors of your bill, S. 537, that there are at least a dozen Members who are cosponsoring this bill with you in the Senate that, to my knowledge, have voted the liberal line constantly.

Now, of course, they may have sponsored this bill with you for sheer demagoguery. I shall not say positively that they have done so. But, surely, they will have to change their spots considerably, if they mean what they say in sponsoring this bill.

The old adage is that a leopard never changes its spots. Human beings do, occasionally, when they see the writing on the wall which might affect their own political future.

Since the country seems to be going more conservative and the people of America are becoming alarmed about this trend toward national bankruptcy, I hope these liberal Members who speak proudly of their liberal attitudes and their votes will change their course and vote the more conservative line.

Unless they do, as Members of the Senate and the House—and we have them in the House, also, who talk conservative and vote liberal—that has been the scourge on the body politic of America for a long time.

As I say, I hope they have now seen the writing on the wall, the American people are more anxious to support more conservative candidates than has been the case for many years.

You know, Mr. Chairman, I am sure, that the minority members of the Appropriations Committee of the House have established a budget-cutting task force. That was done at my request. Five members were named to the task force committee. I appointed Congressman Frank Bow, of Ohio, as chairman.

We became alarmed when we read the budget which was sent to Congress by the President of the United States, a budget of \$98,900 million, in direct appropriations also it called for in round figures \$10 billion in obligational authority. I made up my mind the minute I saw that budget that something had to be done hence.

I recommended to the Republican members of the Appropriations Committee of the House early in the session that we establish this budget cutting task force. We called in many experts in the field of Government, one being Mr. Maurice Stans, the last Budget Director under the Eisenhower administration. We worked with those men diligently. We went through the President's budget with a fine-tooth comb, item by item, and we found where we felt the budget could and should be reduced by a little over \$15 billion without hurting any

agency of Government and without affecting our economy but to the contrary be a shot in the arm so to speak for the American people, who are now greatly concerned about this trend toward national bankruptcy, with a \$304 billion Federal debt, and with a planned deficit of almost \$12 billion for fiscal year 1964.

Something has to be done, Mr. Chairman, I appreciate the fact that you, with your 76 colleagues, have taken notice of the fact that something must be done so you have again recommended this Joint Budget Committee be established. Certainly, I, as one Member of the House, along with many others, are hoping that this committee can be established and be effective. I have some misgivings, I must say, relative to the effectiveness of such a committee.

I was quite pleased and interested when the gentleman from Nebraska, Mr. Curtis, mentioned the fact that he thought members of the legislative committees of the House and the Senate should be made a part of the team. I have that recommendation written in my note here. Not only that, but I think the bill should be amended in the last paragraph, which reads:

The chairman of subcommittee hearings shall be the chairman of the Committee on Appropriations or of the Appropriations Subcommittee thereof of the House in which the bill is pending at the time of the hearing and the vice chairman shall be the chairman of the Committee on Appropriations of the other House or of the appropriate subcommittee thereof.

Now, it appears to me the chairman of the committee should alternate between the minority chairman and the majority chairman of the Appropriations Committees of the House and the Senate. That would be the democratic way. I suggest that three Senate Members be chosen from the Legislative Committee of the Senate to serve with the four members of the Appropriations Committee of the Senate, and three members of the Legislative Committee of the House should be chosen to serve with four members of the Appropriations Committee. The reason I make that suggestion is simply this. As you know full well, Mr. Chairman, the members of the legislative committees of both the Senate and the House have, on numerous occasions, expressed the feeling that the Appropriations Committees have usurped the prerogatives of the legislative committees.

We had a little grumbling recently in the House relative to that matter. But that has been smoothed out and I think the legislative committees of the House and the Appropriations Committee are now quite in harmony and understand each other, and are going to work together as a team on this budget-cutting process.

Now, there have been a number of objections raised among House Members, and I made note of those objections, Mr. Chairman, and I think we are going to have to meet those objections head on, and that unless we can do that, I doubt the House will pass this bill.

I will at this time read some of the objections which I have noted, as expressed by the Members of the House.

First objection: Membership is drawn entirely from the Appropriations Committee. Thus, they would be wearing two hats, advising themselves and in effect, reporting to themselves. Who would expect them to act and vote differently on a given proposition when wearing one hat as against another?

Now I think that objection can be met, by putting members of legislative committees on the Joint Budget Committee. Also that

Senators on the joint committee would be party to recommendations to the House Committee on Appropriations. This would be considered interference with the historic practice of appropriations recommendations originating in the House.

The second objection which I have noted, getting into jurisdiction of legislative committees. A provision in the bill contemplates the joint committee making recommendations to standing legislative committees for changes in basic laws as may affect great economy and efficiency. Imagine the reaction of the legislative committees to continuing free advice on various subjects from appropriations members.

Now, Mr. Chairman, I don't want to be misunderstood. I do know, as I said before, that if this bill is to be enacted in the House, these objections are going to have to be met head on, and effectively.

The third objection I have heard about larger expert staffs. This is the heart of the bill. Really because without a large staff it is doubtful that anything substantial could or would be done. Lack of time is already a problem with appropriation members. Even more acutely so in the Senate where Members are spread too thin among committees. As Senator Curtis has said, he is a member of—how many committees, Senator Curtis?

Senator CURTIS. Five.

Mr. JENSEN. Five committees, as compared to a Member in the House, where he can only be a member of the Appropriations Committee. We can be a member of minor committees, also. But the stated purpose of the bill is to provide the tools to enable the two Appropriations Committees to give adequate consideration to the budget, and they say it is an unassailable fact that each Appropriations Committee now has full authority.

Another objection. The Appropriations Committees of the House and Senate now have full authority to hire all the staff they feel they need. All they need is to write in more funds and hire the people.

But they have not felt the need to enlarge the present staff, these opposition members say. Why would they suddenly feel the need while wearing another hat?

The CHAIRMAN. Will the Congressman yield at that point?

Mr. JENSEN. Yes, I would be happy to yield.

The CHAIRMAN. I think you are correct in stating that the committees can now hire additional staff. I don't think there is any question about that. Again, I come back to the fact, though, that a staff that works for a joint committee, for both committees, could get the same information and make it available to both, whereas if each committee had its own staff for that purpose, this would be duplication.

We ride herd on the executive branch of the Government for doing the same thing.

Mr. JENSEN. Yes.

The CHAIRMAN. And I think we should set an example.

Mr. JENSEN. I agree.

The CHAIRMAN. The example is already provided for us by the Joint Committee on Internal Revenue and Taxation. This isn't a new venture or a new idea. It is not an innovation. It is actually the acceptance of something that has already been demonstrated to be of considerable value in another area of the legislative process.

Mr. JENSEN. Yes; well, as I said before, these objections I have heard and noted. Unless we can meet them head on and prove to these Members of the House that this is a good move, that it will affect savings, then our bill has little or no chance of passage in the House.

The CHAIRMAN. If it isn't a good move and won't effect savings, it ought to be defeated.

Mr. JENSEN. Absolutely.

Senator GRUENING. Mr. Chairman.

The CHAIRMAN. Will the gentleman yield to Senator Gruening?

Mr. JENSEN. Yes.

Senator GRUENING. I want to express my regret that an engagement causes me to leave because I consider nothing more important in this matter than to listen to the able Congressman from Iowa, whose service in the House I have admired for all the years he has been there. I know he is making a very vital contribution in presenting the view of the House. I am hopeful that some of his points will be taken into consideration and that we may come up with a bill which will satisfy both Houses, because I think it is important that we have the full collaboration of both the Senate and the other body.

I just wanted to express my regret that an obligation on the floor compels me to leave, but I shall read the testimony in the record with great interest.

Mr. JENSEN. Governor—I will still call you Governor because I well remember how fine you treated us when we made our inspection tour of Alaska in 1946 and you were in some trouble with the Legislature up there, and the members in both parties on that tour took your side and I think we helped you do some good for that great territory at that time, which is now a State.

Senator GRUENING. I have never forgotten the way Representative Jensen and the other Representatives on the Appropriations Subcommittee of the House defended me against the attacks of Members of my own Party, when they were in Alaska.

Mr. JENSEN. It was quite interesting. I know, Governor, that you and I have been good friends ever since I met you in Alaska, I have enjoyed your acquaintance.

Senator GRUENING. Thank you.

Mr. JENSEN. Mr. Chairman, when we look at the record of the history of this world, and we find that every nation, without exception, that traveled the full length of the reckless spending road, that we have been traveling for about 30 years, have all come to misery, strife, revolution, currency depreciation.

Now, some may say it can't happen here. Well, it can happen here and it is happening here this very minute, and that is what concerns the thinking people of America. There is another thing that always stands out in my mind.

I was born and raised by immigrant parents, the 10th child of a family of 13. I was obliged to quit school in the ninth grade. But I did read a few books and I did keep up with the doings of Congress and the doings of the State legislature. I have discovered by facts and figures and by statistics that the best friends of the so-called little people that a lot of people cry elephant tears over, is the public servant who saves the people's tax dollars, local, State, and Federal. Records show, and not too many people realize this fact, that

the ultimate consumer of goods pays all the bill in the final analysis, and must pay about 70 percent of every penny that local, State, and Federal Governments spend, because the people that draw a salary of \$6,000 or less in this blessed land of ours consume 70 percent of all of the goods that are consumed in America.

Hence the so-called little people that some of these great spenders say they have a great heart for and say we should tax the rich in order to help the poor, are so very wrong when we know the facts. And so, Mr. Chairman, what we are trying to do in this bill, the effect of which we hope will be to reduce the budget substantially; is in effect to help the so-called little fellow. Industry and business must add their taxes to the price of their goods or they would soon be out of business. The consumer pays the bill. He has no place to shift his tax to anyone else. He pays the bill, the whole bill, and so I hope the so-called little people in America will appreciate the conservatives in Congress. Mr. Chairman and members of this committee, we should know that we are on the road to currency depreciation. All we need do is note the flight of our gold.

Most nations in this world and their great financiers have lost confidence in the stability of the American dollar, and hence they demand gold in payment for the goods they export to us.

That gold, as you know, is the only thing back of our currency. I have visited many foreign lands that went to the end of the spending road that we have traveled for three decades. I have used their depreciated currencies. I have asked what happened to their currency. They said, "We spent and spent the people's money until the people lost faith in the value of our government bonds and so would not buy government bonds. Then there was but one recourse, and that was for the government to start the printing press, rolling out the bills by the tons until the time came when it took a handful of bills to buy a loaf of bread."

Some say it can't happen here, but it will happen here, and it is happening here this very minute.

And so I want to work with you, Mr. Chairman, and every Member of Congress and every American who is determined to put a brake on this mad rush to national bankruptcy. In its wake comes personal bankruptcy.

I don't know as there is much more to say, Mr. Chairman. I do know that here in the past 2 years and now, the President is asking for 36,000 more Federal employees. In 1962, we ended up with 77,000 additional employees; in 1963, 50,000; and for fiscal year 1964 the budget request is for 36,000 additional, making a total in 3 years of 163,000 more Federal employees than were on the payroll 3 years ago.

Each one of those employees gets on an average of \$6,500 a year, including office space and per diem pay, et cetera. Multiply that by 163,000 and we have \$1,000,590,500 additional pay for employees of this Federal Government for only 3 years.

With a Federal employment roll of 2,500,000 people in round figures, it is costing the American people today just to be governed from Washington over \$16 billion. That amounts to over \$25 per month for every American family to pay just to be governed from Washington, D.C. That puts it in figures we can understand. Something has to be done, but it seems we have gotten on a treadmill, Mr. Chairman.

Men in public life have contended with the size of the Federal Government and its expenditures since the Nation was founded in 1789. Jefferson said he placed economy among the first and most important virtues, and public debt the greatest of dangers to be feared. If we can prevent the Government, he said, from wasting the labors of the people under the pretense of caring for them, they will be happy. And one of the wisest observations on the matter in modern times is attributed to President Coolidge.

He said: "Nothing is easier than the spending of public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody."

And, Mr. Chairman, I must say, in the light of the growth of Federal bureaucracies in the last 30 years, the growth of our public debt, and our demonstrated unwillingness to live within our national revenue, has brought about a sad situation. The sad truth of our situation is that we are on a treadmill, it seems, and don't know how to get off it.

Through countless ways, both directly and through grants-in-aid that were never conceived to be permanent but which become more so each year, the tentacles of a vast Federal bureaucracy now touch the lives of every American. The executive power began its climb 30 years ago and has never stopped climbing, and as it climbs, the power and influence of Congress has been steadily eroded. We still have the constitutional powers over money, but as a practical matter most of the real power has passed to the bureaucracies, and the lives of the people are in danger.

This trend must be reversed or the problems of today will not be solved. We don't need a change in our traditional system. What we need is a change of heart. We need some self-reliance. We need to change directions, and until we start hacking at the roots instead of hacking at the branches, these budgets and appropriations will keep right on going up and up.

And if Congress and the people don't somehow find the collective will to take the bit in their own mouths, the past certainly strongly suggests that no matter how much our revenues may increase, the debt will go on up and bureaucracies will find more ways to draw the American people and the Congress into its ever-widening grasp for more power and more influence.

In conclusion, I say again, Mr. Chairman and members of this important committee, that I want to work with you and every Member of the Senate and the House and every American in an attempt to head off misery, strife, decreased value of our currency, with its twin sister, increased cost of living, and all necessities of life.

The CHAIRMAN. Thank you very much, Congressman. I wish to say that your suggestions with respect to amendments which might be considered in this bill are most welcome. There is no disposition on the part of the authors or cosponsors of this measure to make its present terms, as now drafted, sacrosanct in any way. The idea is to find some measure, some tools with which to work.

Mr. JENSEN. I am sure of that.

The CHAIRMAN. We are seeking a way in which we can do a better job than we are doing, a job that needs to be done. Whatever bill the Senate may pass, even if it should pass it in its present form, your committees in the House will be handling the bill, and amendments may

well be adopted in the Committee on Rules or on the House floor that a majority of the Members of the House would favor. The Senate may pass it in its present form, or there may be some amendments but there is no reason why a bill we might pass over here, which somebody thinks needs some amendments, should not be perfected and enacted into law.

Let us work on it. Let us get the job done. Let us come out with the best product that the collective wisdom of both Houses can produce, so it will be something that will be workable, something that will enable us to get some of the results we see the need for. I feel a bit encouraged now and I feel a bit confident, possibly more so than at any time in the past, that we are ready, that the Congress is ready, to take this proposal and revise it, if that is the will of the Congress, or develop it into a piece of legislation that we can enact and thereafter be proud of.

Thank you very much, Congressman. Senator Curtis.

Senator CURTIS. Mr. Chairman, the hour is late and I won't take but a second, but I want to thank the distinguished Congressman from Iowa for appearing here and for his excellent statement. No Member of Congress has contributed more to fiscal stability of this Republic than the distinguished Representative from Iowa, who has appeared before this committee today. He has been consistent. He has also been intelligent and he has been just in his endeavors, and he has made a good contribution to these hearings.

Senator MUNDT. Mr. Chairman, I would like to add that the arguments presented in favor of the passage of this bill by the distinguished Congressman from Iowa are much more persuasive for its enactment than are the objections which he made, as having come from his associates in the House, who argue for its defeat.

But I would be very hopeful that this time the House of Representatives would not permit the bill to die. If there are suggested improvements, we all want to get them. If there are any reasonable changes required, we certainly will be happy to accept them.

I had the pleasure of coming to Congress at the same time as the Congressman from Iowa. I have watched his record with great approval. He has made some tremendous contributions. I recall one time for a period of years we carried in all the appropriations bills what was called the Jensen rider, which did something more than talk about economy. It actually put dollars in the taxpayers' pockets, because, as I recall the Jensen rider, it provided that only a certain number of employees, who, because of the normal process of attrition, were separated from the Federal Government, could be replaced in the course of the fiscal year and it worked. I don't know why we still don't have it as an effective weapon for economy. I think it would still work. But it worked for a long period of time, and someday, in this great and growing city, I think we ought to build a monument in the public square for the amount of money saved by the Jensen rider during the time it operated.

I know you have a tremendous influence over there now, Mr. Jensen, as the ranking member of the Appropriations Committee. I hope that you will work especially with the members of that committee, because that seems to be the genesis of the opposition to his legislation. If you can't convert them all, I know you can convert some of

them. And as to the people who are not members of the committees, I certainly have nothing to fear.

The objections that they raise are objections without substance. They have no more cause to be disturbed about the Joint Committee on the Budget than to be disturbed about a Joint Committee on Taxation, which has rendered Trojan service, or the Joint Committee on Atomic Energy, which has done well by the country.

The pattern has worked and this will not impinge conceivably on any legislative committee. I hope that you can get the committee of the House, which handles the bill, which I presume would be the Committee on Government Operations, to hold hearings, to work on whatever amendments they want and let us get this bill passed by both houses in conference so appropriate conference committees can work out the differences in the two bills and get it enacted during the current session of Congress.

Mr. JENSEN. Mr. Chairman, I appreciate no end the kind words that have been expressed by the distinguished Senators, Mr. Curtis and Mr. Mundt, in my behalf. I can say the feeling is mutual. I shall continue as always to work with anyone in the Senate, in the House, or any person in the entire United States in an effort to bring about some common American business sense into the fiscal program of this Government of ours. With that, I want to thank you again, Mr. Chairman, for this opportunity to appear before this important committee, and on this very important bill.

The CHAIRMAN. Thank you again, Congressman.

The committee will now stand in recess. I have already spoken to Mr. Campbell, the Comptroller General, who is present and who was to testify this morning. We regret very much, Mr. Campbell, that we couldn't reach you today. I believe you told me you would be willing to come back in the morning. You will, therefore, be our first witness tomorrow, and I do thank you for your cooperation.

The committee will stand in recess until 10:30 o'clock in the morning.

(Whereupon, at 12:25 o'clock, a recess was taken, the hearing to resume at 10:30 a.m., Wednesday, March 20, 1963.)

## CREATE A JOINT COMMITTEE ON THE BUDGET

WEDNESDAY, MARCH 20, 1963

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
Washington, D.C.

The committee met, pursuant to recess, at 10:40 a.m., in room 3302, New Senate Office Building, Senator John L. McClellan (chairman) presiding.

Present: Senators McClellan, Pell, Mundt, and Pearson.

Also present: Walter L. Reynolds, chief clerk and staff director; Ann M. Grickis, assistant chief clerk; and Eli E. Nobleman, professional staff member.

The CHAIRMAN. The committee will come to order.

Mr. Campbell, will you come forward and identify yourself for the record, please?

Mr. CAMPBELL. Mr. Chairman, I am the Comptroller General.

The CHAIRMAN. Mr. Campbell, we welcome you, and we appreciate your interest and your willingness to give the committee the benefit of your judgment and counsel with regard to S. 537. I am very sorry we didn't get to you yesterday.

You are very kind to return this morning. We appreciate it, and you may proceed.

~~TC 110-171~~ ~~PC~~  
STATEMENT OF JOSEPH CAMPBELL, COMPTROLLER GENERAL OF  
THE UNITED STATES, ACCOMPANIED BY ROBERT F. KELLER,  
GENERAL COUNSEL OF THE GENERAL ACCOUNTING OFFICE.

Mr. CAMPBELL. Mr. Chairman and members of the committee, at your invitation we appear today to give you our views on S. 537, which would establish in the Congress a Joint Committee on the Budget, consisting of seven members of the Committee on Appropriations of the Senate and seven members of the Committee on Appropriations of the House of Representatives.

With the annual Federal administrative budget expenditures approaching \$100 billion it is of the greatest importance that all possible ways and means be found to eliminate waste, extravagance, and other unnecessary expenditures in the operation of our Government.

It is toward these ends that the General Accounting Office is currently committing the greater part of its staff and of its appropriated funds which for fiscal year 1963 amount to \$43,900,000. Our sphere of operations does not now include any participation in or review of the budgetary process such as is proposed in S. 537.

Nevertheless, though we engage in what is actually after-the-fact inspections and examinations, the refunds, collections, measurable sav-

ings, and other financial benefits resulting from the work of the General Accounting Office amounted to \$162,875,000 during the fiscal year 1962.

During that year we submitted 271 reports on audits or investigations to the Congress, or to its committees, members, or officers. In addition, we issued 548 reports to officials of the various departments and agencies. Each year we are finding increased use of our reports by the Congress and the agencies.

Above and beyond these measurable benefits, there is the far greater but immeasurable effect of our activities with the executive departments and agencies in encouraging thrift and prudent management of all resources made available to them by the Congress. Our presence in itself, within the agencies, unquestionably has a very significant influence on the manner of their stewardship.

In this connection, Mr. Chairman, I recall here your remarks on the floor of the Senate on June 28, 1961, when, in drawing attention to the 40th anniversary of the establishment of our Office, you commented upon the close and effective relationship over the years, between your committee, its staff, and ourselves in striving for greater improvement in the Government's financial operations.

However, the Congress, in fulfilling its obligation to keep Federal expenditures within bounds, in light of conditions as they may exist at a particular time, is confronted with a highly complex problem. Our own Office can, of course, make a contribution to a solution; but, in the final analysis, it is only the Congress itself which must determine how it is best able to meet that obligation on an informed and intelligent basis.

The chairman's introduction of S. 537, cosponsored by 76 other Senators, is a profound effort to resolve the problem by establishing a Joint Committee on the Budget to assist the Congress in carrying its responsibilities in connection with appropriation of funds required for the operation of the Federal Government. Whether or not S. 537 should be enacted is obviously a matter of policy for judgment by the Congress as a whole.

The duties of the Joint Committee would be to inform itself on all matters relating to the annual budget of the Government, and to provide the Appropriations Committees with such information on items in the budget, and the justifications submitted in support thereof, as may be necessary to enable those committees to give adequate consideration to the budget request.

The Joint Committee would consider the President's messages on the state of the Union, and the Economic Report, all available information, relating to estimated revenues, essential programs, and changing economic conditions and report to the respective Appropriations Committees its findings with respect to budget estimates and revisions in appropriations required to hold expenditures to a minimum, consistent with requirements of Government operations and national security.

Also, the Joint Committee would have the duty of recommending to the appropriate standing committees of the Congress such changes in existing laws as may bring about greater efficiency and economy in Government; and would make such reports and recommendations to any standing committee on matters within the jurisdiction of such

standing committee relating to deviations from basic legislative authorization, or to appropriations approved by the Congress which are not consistent with such basic legislative authorization, or to cutbacks in previously authorized programs which require appropriations, as the Joint Committee may consider necessary or advisable, or as may be requested by any standing committee.

In addition, the Joint Committee would report to the respective Appropriations Committees at the beginning of each regular session of the Congress the total estimated cost of all programs and projects authorized by the Congress, together with estimated costs of those programs and projects during the current fiscal year, the ensuing fiscal year, and subsequent fiscal years.

The desirability of establishing a Joint Committee on the Budget is, as we have said, a policy question which the Congress itself must decide. It is recognized that some of the work which would be done by the Joint Committee would parallel the work being performed by the Appropriations Committees, as well as some of the work presently being done by the Bureau of the Budget.

On the other hand, the Joint Committee would provide a means for bringing together for the Congress the results of work being performed throughout the Government on budget and other financial matters, and for an independent appraisal of such results by a joint committee of the Congress, as well as an additional means of developing information for the Appropriations Committees and other standing committees of the Congress.

In previous hearings held on legislation which would establish a Joint Committee on the Budget, a suggestion was made that the duties proposed for the Joint Committee might be performed by the General Accounting Office.

While we appreciate the confidence expressed in our Office, we believe that the work contemplated could only be fully effective if carried on by Congress itself with the facilities of the General Accounting Office being used as needed. S. 537 follows this approach. The proposed section 138(e) of the Legislative Reorganization Act would make it a duty of the Joint Committee to inform itself on reports prepared by the General Accounting Office on Government operations.

We believe that our reports of audits and other examinations of Federal agencies would be of valuable assistance to the Joint Committee. Experience has shown that many of our reports are useful in the appropriation process because of the factual information and recommendations included in the reports. They point out many areas where there have been unnecessary Government expenditures.

We would mention, however, that our reports are based on post-examinations of budget expenditures as distinguished from examinations of budget estimates.

The proposed section 138(l) would require the Comptroller General, at the request of the chairman of the Joint Committee, to make such investigations and reports as will enable the Joint Committee to give adequate consideration to items contained in the Budget and the justifications submitted in support thereof.

Under the provisions of section 312(b) of the Budget and Accounting Act, 1921, the Comptroller General is required to make such

investigations and reports as ordered by either House of Congress or by any committee of either House having jurisdiction over revenues, appropriations, or expenditures.

We have done considerable work under the authority of section 312(b) and on occasion this work has related to budget estimates. The language of section 312(b) is broad enough to encompass requests of the Joint Committee; however, if the General Accounting Office is to examine budget estimates and justifications as a continuing matter, we think it desirable to spell out the specific authority in the law.

The proposed section 138(1) accomplishes this purpose. It requires the Comptroller General to make investigations and reports when requested by the Chairman of the Joint Committee.

We believe that the General Accounting Office, through its intimate and continuing surveillance of the operations of the departments and agencies of the Government, could adequately service the requests of the Joint Committee. Requests could be made of the General Accounting Office for examinations of budget items in those areas where it was determined by the Joint Committee that adequate coverage was not otherwise being made, or which either or both Appropriations Committees might require. Also, the proposed section 138(1) authorizes the Comptroller General to employ technical and professional personnel without regard to civil service laws and to fix their compensation without regard to the Classification Act for work to be done for the Joint Committee. Having in mind that some increase in our present staff would be required and the necessity for the employment, from time to time, of technical personnel of a kind not normally employed by us, we think that this authority is essential, at least in the initial stages, if the General Accounting Office is to carry out requests made by the Joint Committee.

The CHAIRMAN. How many reports did you make to Congress?

Mr. CAMPBELL. Two hundred and seventy-one.

The CHAIRMAN. In a year's time?

Mr. CAMPBELL. In the fiscal year 1962.

The CHAIRMAN. Give us at that point, Mr. Campbell, what committees those reports go to. Do they go to various committees or are they just submitted to the House or to the Senate or both?

Mr. CAMPBELL. No, those reports go to the President of the Senate, the Speaker of the House, to the Committees on Government Operations of the Senate and of the House, the Committees on Appropriations of the Senate and of the House, and to the appropriate legislative committees.

The CHAIRMAN. They go to the legislative committee having jurisdiction of the subject matter?

Mr. CAMPBELL. Yes, sir. And they also are submitted to the President of the United States, to the Director of the Bureau of the Budget, and to the Department and agency concerned.

The CHAIRMAN. The thought occurs to me that when these reports are sent to so many different committees and no one committee has specific responsibility they often, I assume, do not receive the attention they should have.

Mr. CAMPBELL. I fear, Mr. Chairman, that is correct, and we are sorry that our reports do not receive in every case the proper attention.

The CHAIRMAN. The Comptroller General's office—the General Accounting Office is an agency of the Congress?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. You report, primarily, to the Congress?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. Do you find—and I think the record ought to show it—that notwithstanding you do your work and you make these reports, there is very little action taken on them.

Mr. CAMPBELL. Considering all of the reports we make I think that is a fair statement.

The CHAIRMAN. Now, having that in mind, I think perhaps if such a joint committee were created as here proposed and given the specific direction to follow up on these reports and to determine the legality of various executive branch actions, and the committee directed their staff to follow up on these matters some action would result and these reports would not just be permitted to gather moss and dust and with nothing being done about them. I think then we would be making a constructive improvement over present practices.

Would you think so?

Mr. CAMPBELL. Well, Mr. Chairman, as this bill is drawn, as we understand it, it is obvious that the proposed joint committee will spend considerable time on our reports. They would have to do this in order to proceed intelligently, I believe.

The CHAIRMAN. It is charged with that duty.

Mr. CAMPBELL. Yes. If the Congress should establish the Joint Committee we feel that it would probably find it worthwhile to devote time in following up the recommendation in our reports.

The CHAIRMAN. Yes.

Would you think the such actions would provide for the improvement in the functioning of Government?

Mr. CAMPBELL. We are very sure that there has not been enough attention given to the reports of the General Accounting Office. We have a staff of over 2,000 lawyers and accountants, the only organization of its kind in our Government today, or for that matter in any other Government. From about 300 such people, 10 or 12 years ago, we have built up to about 2,000. We feel we are in the best position in Government today to give an objective, unbiased, if you will, report on the financial operations of the Government.

Senator MUNDT. Is it not true that actually the Comptroller General is an arm of the Congress rather than of the executive branch of Government.

Mr. CAMPBELL. That is correct, Senator Mundt.

Senator MUNDT. So that in order to have a chance to do your job as well as you would like to you need some place where you can report to in Congress to make sure that the services you are rendering develop the optimum results.

Mr. CAMPBELL. That is correct.

Senator MUNDT. We would have here a permanent staff and a committee which, it seems to me in the course of a very short time, there could be worked out a modus operandi with your shop that would really save the taxpayers a lot of money. Actually, I am intrigued by the fact that there were \$162,785,000 in one year's savings and collections—how does that compare with the annual cost of running the Comptroller General's Office.

Mr. CAMPBELL. Just slightly less than four times the cost of running our office. I am reluctant to emphasize this kind of figure, as the real worth of the Office is in its existence—its presence.

In addition to the reports sent to Congress we also issued, in 1962, 549 reports directly to the departments or agencies which you in Congress do not usually see. These reports go to the agencies to help them in their particular area. We are finding increased use of our reports in the agencies as well as by the Congress.

Senator MUNDT. I mention it only, I am aware of these other services, I mention it only to point out that I believe we have here the rarest of all kinds of Government agencies, one which actually turns back a profit to the taxpayer.

Mr. CAMPBELL. That is an accomplishment, we think.

Senator MUNDT. Your annual appropriation is around 58—\$50 million?

Mr. CAMPBELL. Just short of \$44 million.

Senator MUNDT. Just short of what?

Mr. CAMPBELL. \$44 million; actually \$43,900,000.

Senator MUNDT. So that whoever thought of this idea, Mr. Chairman, a long time ago of establishing the Comptroller General's Office was very wise and very prudent and certainly it has worked to the great advantage of our country and I think the program we have in mind with S.537 is on all squares with what was done originally in the establishment of the Office of the Comptroller as a branch of Congress.

This sort of gives the branch of the tree a trunk with which to work with this committee in operation.

The CHAIRMAN. I think this bill will implement your work, by developing additional raw material for you to work with. In this way we will get the greatest benefit from it. I hope that is what our bill will do in connection with implementing your office and your work and I am hopeful that the force of the committee itself, and the Joint committee staff will be able to develop information which your office did not find because you can't possibly look at everything. Here again we should find instances where corrections can be made and money saved.

Mr. CAMPBELL. That is correct.

The CHAIRMAN. I just can't conceive of the Congress—in view of the conditions that prevail today, the terrific expenditures, the burden of Government cost that is upon us, and the imperative necessity of retrenching and making savings wherever they can be done without impairing the efficiency of Government, and without impairing our defense posture—will refuse to enact either this or some legislation that will further implement the work you do and that will further assist the Congress, and particularly the Appropriations Committee, in performing their functions more effectively.

Mr. CAMPBELL. Well, Mr. Chairman, I think—I would like to emphasize that so far as the budget of the United States Government is concerned neither I personally nor my office see that budget until perhaps a day before it reaches the press. It is surprising and unfortunate that an organization such as ours, does not have access to the budget justification well before they reach you sometime in January each year. As a matter of fact, we do not usually see the budget justification until after the appropriation bills have been passed.

Senator MUNDT. Your office has about 2,000 people, you say?

Mr. CAMPBELL. About 2,000 to 2,100 lawyers and accountants who are available to do this kind of work.

Senator MUNDT. Yes. These are professional people?

Mr. CAMPBELL. Yes, sir.

Senator MUNDT. Which would compare, I believe, with around 200 in the Budget Bureau?

The CHAIRMAN. No; 500.

Senator MUNDT. 500.

The CHAIRMAN. It has been around 500 for several years.

Mr. CAMPBELL. I think they have something around that number.

The CHAIRMAN. Bear in mind, in this connection, not only does the Budget Bureau have 500 personnel, but every agency in Government has its own budget staff working on the budget.

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. There are literally thousands of people working on the budget, and yet we have no adequate effective staff to help us.

Senator MUNDT. I would envision the way this machinery would work and I would like to know whether the chairman and Mr. Campbell feel the same, that in the course of practice, this joint committee would develop some liaison people who would be in pretty close contact with your organization and have a committee room where some of you people could be up here so we could work together simultaneously in these budget matters.

Is that the way you think it would operate?

Mr. CAMPBELL. Well, Senator Mundt, we, as you know, now have a very close working relationship with your committee.

Senator MUNDT. Yes; I know that.

Unfortunately this committee does not do much on the budget. I am thinking that establishment of this kind of relationship with this joint committee which we are talking about setting up under S. 537 would in no way diminish the fine relationship we have had with you because you people have been magnificent time after time in the problems with which we grapple. We don't work with the entire budget. We could and should, but we just don't have time. But this joint appropriation machinery, I would think, would develop that same kind of liaison activity.

The CHAIRMAN. I believe I may have overstated the number of personnel in the Budget Bureau. I have before me here a statement, which has been prepared by the staff of this committee, to the effect that the material contained in the Federal Budget is developed and assembled by numerous employees and officials in the departments and agencies, reviewed and substantiated by each department and agency and then reviewed, revised, and finalized by the Bureau of the Budget where 465 persons are involved in the preparation and submission of the final document.

Now, I don't know whether that refers only to professional or technical personnel or whether it includes the clerical personnel.

Mr. REYNOLDS. That includes the whole personnel in the Bureau of the Budget. We made no analysis—

The CHAIRMAN. It is over 450.

Mr. REYNOLDS. It was 465 as of January 1, 1963. That is the last figure they have submitted for the chart on the organization of executive departments and agencies, which is now being printed.

The CHAIRMAN. Very well. I was mistaken. I thought it was 500 or more.

Mr. CAMPBELL. I would expect if our experience is any indication the professionals there would be probably, perhaps, in the neighborhood of 350.

The CHAIRMAN. Yes, in the Bureau itself, it is more than that. I understand that an estimated 2,000 actually work on the Federal Budget in all of the departments; we do not know the exact number, but we do know that a tremendous number of people participate in the preparation of the annual budget document.

Mr. CAMPBELL. Yes.

The CHAIRMAN. I am not critical of those who prepare the Budget; that is not the attitude at all, but when we are spending \$100 billion a year and when we have taxed and taxed to the point that we are saying we have taxed too much, we are destroying incentive. We must cut taxes and spend less. I think it is time for us to take every constructive step we can and to be prepared to make proper adjustments and economize if it is possible to do so.

But I don't think we can continue—I am very much concerned about this—I just don't think we can continue spending on credit and thus spend ourselves into prosperity. I just don't think any institution can be run that way very long without getting into rather desperate financial straits. I think we have got to find some way to put the brakes on spending.

If we can do that and we can reduce taxes legitimately, I believe we can provide a little more incentive for investment and for venture in our free-enterprise system.

Thank you, Mr. Campbell.

Go right ahead. I didn't mean to get off on this subject, but I think it is very, very important that we do something in this area.

Mr. CAMPBELL. I agree with you.

In the event a Joint Committee on the Budget is established, you may be assured the General Accounting Office will render all assistance possible within the resources available to us.

The CHAIRMAN. Mr. Campbell, we certainly thank you. We appreciate the presentation you have made. I think that no one questions the excellent job that your Office is doing. I think where we have fallen down is not making certain that the Congress follows up on the recommendations, based upon the work you do, and the reports you make, to the end that we may correct the things that you have uncovered and disclosed to us.

I think that is one of our weaknesses in the Congress. Your reports go to the House and the Senate, to the Appropriations Committees, to the Committees on Government Operations, and to the legislative committees of the two Houses that are concerned. We wind up with everybody having the information contained in the reports, but nobody doing anything about it.

I do believe that if we had a joint committee, as proposed by S. 537, charged with the duty of doing something about the matters you report, and with keeping liaison with your office, instead of producing

a saving of the amount that you have reported here today, we could probably double that saving and possibly multiply it many times over. To accomplish this, however, we must set up appropriate staffs and improve our organization so that we will be able to follow through more effectively and make certain that we follow through and back up the work that you do.

I cannot help but believe that there will result from this Joint Committee tremendous savings dollarwise for each dollar that it costs to operate the Joint Committee. I do not envision a committee here with a staff so large that it will get out of control. I do feel, however, that it should have a staff adequate to search out the facts in those areas where there is a question as to the proper expenditure of Federal funds; and to pursue reports you make to us, in order to ascertain where the waste is and where a cut may be made in the next appropriation, when a request comes before us. We will then have something to counteract the request, something upon which to base an intelligent judgment and enable us to present reasons why the request is excessive or exaggerated or shouldn't be granted.

Today we don't have it. We sit there on the Appropriations Committee and hear the officials who want to spend the money. We have no dependable information as to whether they need it or not and no way of knowing it, nor do other Senators have any way of obtaining this information. This is no reflection on these who will be spending the money; quite often we can spend more money or less. We are not all thoroughly familiar with Federal business and finance, and certainly when we get into these matters of spending money we need some better judgment than that which we are able to develop just on our own initiative without the aid and assistance of experts who have studied it and who can come up to us and present to us reasons and justifications why money is not needed or why the amounts requested are excessive. With such information at hand, we would be able to exercise better judgment than we do now.

I want to thank you. I think your office is one that performs one of the most valuable governmental services that we have today. I have never heard your work criticized or questioned. The Congress has confidence in you and the public should, and I am sure they do esteem the work you do.

Thank you very much.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Mr. Chairman, you may recall this is a kind of an anniversary month for us because it was 8 years ago that you as chairman of this committee proposed confirmation of my appointment which the Senate voted on March 18, 1955.

The CHAIRMAN. I didn't make a mistake. I may have made some in my public life, but I didn't make a mistake when I did that.

Mr. CAMPBELL. Thank you, you are very kind.

The CHAIRMAN. Representative McClory of Illinois is the next witness.

Congressman McClory, we are very glad to have you.

Will you identify yourself for the record, Congressman?

Mr. McCLORY. My name is Robert McClory; I am a Member of Congress from the 12th Illinois District. A new Member.

The CHAIRMAN. Very well, Congressman. Do you have a prepared statement?

Mr. McCLORY. I do, Senator; yes.

The CHAIRMAN. All right. You can either put it in the record and highlight it or you may proceed to read it, as you wish.

**STATEMENT OF HON. ROBERT McCLORY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS**

Mr. McCLORY. Mr. Chairman and members of the committee, it is my opinion that we are met here today to consider what may be the most critical piece of legislation in our Nation's history. I do not insist that S. 537 in this precise form must be enacted. Instead, what I do affirm is that workable machinery should be developed immediately whereby the Congress, independent of the executive branch, may reclaim its rightful and necessary role in behalf of Federal expenditures.

The CHAIRMAN. May I interrupt? You may state later, Congressman, that you have introduced a bill in the House, H.R. 3964?

Mr. McCLORY. Yes, I have, Senator.

The CHAIRMAN. Dealing with the same problem?

Mr. McCLORY. Exactly.

The CHAIRMAN. Very well. This bill, H.R. 3964, will be filed as an exhibit to this testimony. It will be made a part of the record of this hearing by reference.

Mr. McCLORY. From my conversations with other Members of Congress I am persuaded that a great many are of the opinion that Congress can do little with regard to the Federal budget. Other Members appear convinced that the two Appropriations Committees can adequately review and revise the appropriation requests in a manner consistent with our congressional responsibility. Still others urge that the machinery, as set forth in the 1946 Reorganization Act, is fully adequate to do the job and that the Congress should utilize the Joint Committee provided for there.

There can be little doubt that the existing Appropriations Committees of the House and Senate are not able to prepare a legislative budget. In addition, proposals for an informal review and revision of the budget by a special task force of citizens, or other partisan, bipartisan or citizen efforts, could not hope to achieve the success which a Joint Legislative Committee on the Budget could provide.

I have reviewed a great deal of the literature which has been compiled on this subject, including Senate Document No. 11 of the 87th Congress entitled "Financial Management in the Federal Government" and a preliminary draft of the report which accompanied the introduction of S. 537, as well as the remarks of you, Mr. Chairman, who sponsored the measure in your own behalf as well as in behalf of the 76 other cosponsors of the Senate.

Indeed, your statement provides cogent reasons why this bill in its present form—or in a form whereby it could be passed both by the Senate and by the House—would enable our Congress to measure up to its full responsibilities in the fiscal business of our Nation.

In suggesting the subject of a modified form of S. 537, I should think it appropriate to consider the experience with this measure in recent sessions of the Congress—of which I was not a Member,

In the House version, which I sponsored in the House, I patterned this in large measure from that contained in S. 537. I provided for a Joint Committee on the Budget to be composed of seven members of the House from the Appropriations, Ways and Means, and Government Operations Committees, and five members from the corresponding committees of the Senate.

This was intended to give recognition to the larger number of Representatives and, also, to the dominant role which appears to have been intended—by the framers of our Constitution—with respect to appropriation and revenue bills.

Without great elaboration, I thought it appropriate to recall that the committee appointed by the Constitutional Convention recommended that the House of Representatives should be given exclusive authority with regard to appropriation and tax bills.

A compromise, which resulted in Senate authority to propose or concur with amendments of this type, suggests that the role of the Senate is at least more limited than that of the House.

Perhaps the limitation of the Joint Committee as set forth in H.R. 3964, which I introduced recently in the House of Representatives, would provide the basis for the necessary House support which is required—if this measure is to be enacted into law. As for my personal position, I would prefer that form. On the other hand, the objectives sought to be obtained by this measure are so overwhelming and so critical that if S. 537 is passed by the Senate, I will support it unequivocally in the House.

The danger from economic disaster is, in my view, fully as critical as that from "enemy attack." If planned and managed deficits as advocated by the Executive are to remain unplanned and unmanaged by the Congress, if unfavorable trade balances and gold outflow continue without correction by appropriate legislative action, if budget-making proceeds as an Executive function without either the will or the way on the part of the Congress to review or rewrite the Federal budget, the end of our Republic would seem to me to be inevitable.

While a contest is apparent in this legislation, as between the Congress and its prerogatives and the Executive and its authority, there is no room for a decision based upon partisan, sectional or other special interests. The interests of every citizen are involved equally in S. 537 to establish a Joint Legislative Committee on the Budget.

The CHAIRMAN. Thank you very much, Congressman.

May I just clarify one thing. It probably is already clear in your statement. You, as I understand it wholeheartedly and unequivocally support the objectives of the legislation?

Mr. McCLORY. Absolutely.

The CHAIRMAN. There is no issue there as to what we are trying to do?

Mr. McCLORY. No, I think—

The CHAIRMAN. The only question here that you raise is that the House may feel that, in order to preserve constitutional prerogatives, which they feel they have, there should be more House Members than Senate Members on the joint committee.

Mr. McCLORY. There seems to be that resistance in the House from the experience of this bill before.

The CHAIRMAN. That is one point, and your other—

Mr. McCLORY. I am certain that is one basis for it and I do want to suggest in my opinion there is some justification for giving ground if that is the obstacle, if the number of Members of the House on the proposed joint committee is preventing passage of this bill, I think that Members of the Senate should give very thoughtful consideration to conceding greater representation on the part of the House Members.

The CHAIRMAN. I am not arguing with it at the moment. I just wanted to get clear here what is beclouding favorable consideration of the bill in the House. There is no issue as to the objectives?

Mr. McCLORY. Not on my part. There may be on the part of other Members.

The CHAIRMAN. But have you found that there is substantial opposition to the measure on the basis that they didn't want it at all, didn't need it or did you find—

Mr. McCLORY. I think that is a very small minority that appear to say that.

The CHAIRMAN. That would take that position?

Mr. McCLORY. Who would say the whole prerogative here belongs to the Appropriations Committee and we are not going to entertain such bill. I think that is a rather small minority that hold tenaciously to this view.

The CHAIRMAN. Actually we are taking no prerogatives away from the Appropriations Committee.

Mr. McCLORY. I agree.

The CHAIRMAN. As I envision the objectives of the bill, it amounts to the same thing as the creation of a subcommittee of the two Appropriations Committees on the task at hand just as we have in the committees having jurisdiction over other areas of Federal activity; we have subcommittees doing all the work. Here all the work of the subcommittee would come back before both of the committees. I can't see that we are doing any violence to, or in any way diminishing the authority and responsibility of, the full Committee on Appropriations.

Mr. McCLORY. I agree entirely. It seems to me that this is a congressional, a legislative aid which is vital for us in the performance of our functions. I might say that a great many State legislative bodies have comparable committees such as this Joint Committee on the Budget.

The CHAIRMAN. We have a Joint Committee on Internal Revenue Taxation, and I have always felt from every source of information available to me, that everybody feels that it works well and works advantageously. I know of no friction or conflict that has arisen between the Senate Finance Committee and the House Ways and Means Committee in operating it as a joint committee and with a staff of experts in that field. I do not believe there would be any conflict here. I just can't see how it could detract from the prerogatives of either committee. If there is a serious question as to whether the House should have more members on the committee, I am sure that can be resolved. I am not wedded to the bill as written. I am wedded to and most seriously convinced as to its objectives and the need for it. The Senate has passed it a number of times and I would forget about it except that I think we are moving toward a critical fiscal situation

in this country, and unless we do something to put on some brakes somewhere, to eliminate that which ought to be eliminated, and under the circumstances—

Mr. McCLORY. I think there is a very important principle involved and that is that the Congress has the clear authority to determine how much funds are to be made available, and whether or not these are to be supported by revenues, and if we don't have the machinery for carrying out this function, if we are required to take a budget, if we are required to take appropriation requests and tax recommendations from the Executive and act on those without the way to act independently, it seems to me that we have lost a prerogative which rightfully belongs to the legislative branch and we have lost it to the Executive and we have further submerged the authority of the legislative branch which I think stands between the continuation of our Republic and losing the Republican form.

The CHAIRMAN. In other words, the failure to do something like this, to equip the Congress with this tool or facility to aid it, the failure to do it actually diminishes or weakens the constitutional authority of the Congress to function in this field.

Mr. McCLORY. Exactly.

The CHAIRMAN. So it isn't the fact that the establishing of a joint committee might detract from the prestige or power or constitutional functions of the Appropriations Committee, but the failure to do it is going to weaken rather than strengthen the Congress in the exercise of its constitutional functions to control the purse strings.

Mr. McCLORY. That is the way I view it.

The CHAIRMAN. Congressman, thank you very much. I do appreciate your presence and your contribution and I am certain you will agree with me, that whatever version may be passed ultimately by the House and by the Senate, there is no reason why we can't resolve the differences in conferences like we do on all other legislation.

Mr. McCLORY. I want to offer my cooperation and assistance in any way that you think my influence can be felt in the House of Representatives.

The CHAIRMAN. Thank you, Congressman. Thank you very much.

(The following communication, subsequently received from Congressman McClorey, is included in the record at this point as an extension of his remarks:)

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 26, 1963.

Hon. JOHN L. McCLELLAN,  
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SENATOR McCLELLAN: A copy of the remarks made by Mr. Dewey Anderson, executive director of the Public Affairs Institute, in support of a Joint Legislative Budget Committee has come to my attention today. I have noted with interest his assurance that such a joint committee would not impinge upon any existing committee of the Congress. In addition, I note his recommendation that the chairman and ranking members of the standing committees on Government Operations should be included in the membership of such a joint committee. I commend this suggestion for your consideration as it is an element I have also included in my version of this subject covered in H.R. 3964.

Sincerely yours,

ROBERT McCLORY,  
Member of Congress.

## BUDGET REFORM AND CONGRESSIONAL CONTROL

(By Dewey Anderson, Executive Director, Public Affairs Institute)

## REFORMS NEEDED IN PRESENTING THE BUDGET

Progress has been made in the format of the last few budgets offered the Congress. More is needed to make the budget a readily understandable and more useful document. This year the budget is presented in brief in a 25-cent Government print, a longer summary of 440 pages, including the President's message, and a huge statistical appendix.

This array is a long step forward. What is still lacking is the separate presentation of each agency's budget coupled with a description of the services rendered or proposed which this budget finances.

While not all readers will be interested in all agency reports, some will be particularly concerned with a single agency or department whose description should be sufficiently detailed to enable them to understand and appraise the budget proposals. This step is necessary in order to give both critics and supporters a body of facts from which to reach their conclusions concerning budget adequacy.

Budget simplification is long overdue. A Senate subcommittee reported in 1961 that the budget today—

"\* \* \* retains the essential format of the first budget submitted by President Harding. \* \* \* To too great a degree its appropriation categories, its emphasis, its balance of information detail between programs, remains unchanged \* \* \* developed its own vocabulary, comprehensible in large measure only to budgetary specialists. \* \* \* It carries a heavy overburden of legacies from the past. Matters of little contemporary importance are treated in exhaustive and exhausting detail—while information on far more important programs is meager or nonexistent." (U.S. Senate Committee on Government Operations, committee print, 1961.)

Standard nomenclature should be used, consistent with that prevailing in the business world. When Government statistical procedures became too complicated, a commission was set up to standardize them. Now Congress might very well establish a commission on budget terminology and presentation.

## REFORM IN THE USE OF THE BUDGET AND ITS CONTROL

But while better terminology and more understandable presentation are of immediate concern, the real defects in the budget process are the failure to develop an instrument which can be used effectively for forward planning and for measuring the performance of agencies.

It may be that the experts and technicians within the Bureau of the Budget know what the agencies under their direct supervision are doing with the funds provided, and how effective their performance actually is. But anyone outside the Bureau who is not in daily contact with the agencies cannot determine from any written reports submitted to the Congress by the Budget Bureau and the President what is really being accomplished and how well the work is being done.

In this situation, Congress is not able properly to control expenditures or to appraise requests. The Senate committee summed up by saying "The whole field is almost unexplored."

The standing committees of the Congress are close to the agencies whose subject matter comes within their purview. Their staff experts develop considerable competency and knowledge of the agencies with which they are related. They are often regarded as the spokesmen for and protectors on Capitol Hill of their particular agencies.

The Appropriations Committees screen agency requests and examine the Federal budget from this piecemeal viewpoint. Subcommittees do thorough jobs on individual agencies, and over the years members and their staffs have become so familiar with agency activities that they are able effectively to screen requests.

Yet nowhere in the Congress is there any committee or group charged with the overall responsibility of budget policy and control. Nor does anything in the budget field exist which is comparable to the congressionally created Office of the Comptroller General. Nowhere can a decision be made to hold the budget to any level of expenditure and make such a decision stick. Nor can any existing agency of the Congress determine how effectively the budget provisions as a whole are being carried out.

This same situation prevailed in the States until some among them decided on a new course of action. In California, for example, the legislature had been spoon fed separate budget agency items as representing the Governor's requests with little opportunity to determine from firsthand field surveys whether they were needed or how these budget provisions were carried out. Policy changed with each change of administration. Finally, the legislature acted. A joint committee was set up by the two houses of the legislature, provided with competent staff and given the responsibility to examine the entire budget, appraise the overall needs, report by spot checks of accomplishments, and act in behalf of the legislature as a whole.

Thus, the legislative branch of the Government was provided the information needed to reach its independent judgment.

Being elected officials responsible to their constituencies, they had a direct stake in the performance of the various State agencies and in the tax, revenue, and budgetary policies under which the State government was being operated. Economy-minded legislators could use their membership on this joint committee, the committee's reports and access to their own expert staff to be better prepared to make their case both before the legislature and the public. Spending minded legislators, and those having new or increased services to promote, had access to the same facts and the opportunity to make their case with full knowledge of the situation.

But the major value of this type of budgetary review is the control it exercises over fiscal matters, taxation, revenue production and expenditure as these are combined to make a budget policy. Just as the highly regarded Joint Economic Committee has become an indispensable part of the apparatus of Congress, its committee positions much sought after, its staff of high quality, and its pronouncements widely respected, so such a joint committee on budget policy would win its place.

Properly conceived and operated, it would not overlap or usurp the functions of any of the legislative committees. It would not offer legislation, nor examine the pros and cons of particular bills. But it would receive the President's budget message and budget, hold hearings of experts, interested citizens and organizations on the budget as a whole, thus providing a forum for the discussion of budget policy.

The membership of this Joint Committee on the Budget should contain chairmen and ranking members of the standing legislative committees concerned with revenue, taxation, appropriations and Government operations. They, in turn, would tend to reflect the thinking and findings of the joint committee in the conduct of business within their own committees, thereby spreading the influence and increasing the uniformity of budget policies in their applications to particular agencies.

No one who knows how Congress works is anxious to add to its burdens through the establishment of more committees. But the creation of the Joint Economic Committee did just the opposite. It expedited legislation by helping to create an understanding of the economy and its overall problems. The same would be in prospect for a joint committee on the budget.

The CHAIRMAN. Dr. Saloma, will you come forward, please, and identify yourself for the record?

Dr. SALOMA. My name is Dr. John S. Saloma III, and I am assistant professor of political science at the Massachusetts Institute of Technology.

The CHAIRMAN. Give a little more of your background; if you would care to.

Dr. SALOMA. All right, sir.

It has been my privilege to serve as a congressional fellow during the past session of the Congress, with Congressman Thomas B. Curtis of the Ways and Means Committee and Joint Economic Committee, and with Senator Leverett Saltonstall, the ranking minority member of the Senate Committee on Appropriations, and Armed Services.

I have been educated at MIT, the London School of Economics, and I have my doctorate from Harvard University. I am currently teach-

ing courses in American government and American foreign policy at MIT.

The CHAIRMAN. Very well.

Dr. SALOMA. Mr. Chairman, Senator Saltonstall has asked me to give you a letter in support of S. 537 for inclusion in the record of these hearings at this time.

The CHAIRMAN. Very well. The letter will be received and inserted in the record at an appropriate place.<sup>1</sup>

Dr. SALOMA. Although the Senator is not a sponsor of the bill he generally supports the intentions of the bill. As ranking minority member on Senate Appropriations, Senator Saltonstall has had a background of experience in this area equaled by few Members of the Congress. I have the highest regard for his genuine efforts in the field of Government economy and effective congressional operations.

The CHAIRMAN. Doctor, I see you have a prepared statement of some length. Would you choose to just insert your statement in the record and highlight it or would you prefer to read it?

Dr. SALOMA. Well, I would prefer to read sections of it.

The CHAIRMAN. Why don't we direct then that it be printed in the record in full and that you read such excerpts from it as you desire and comment thereon.

Dr. SALOMA. Very well.

STATEMENT OF DR. JOHN S. SALOMA III, ASSISTANT PROFESSOR OF POLITICAL SCIENCE, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Dr. SALOMA. Mr. Chairman, I am grateful for this invitation to appear before your committee today to discuss the merits of S. 537, a bill which would establish a Joint Committee on the Budget. You and your committee are to be commended for your persistent advocacy of reforms in the budgetary process. It is encouraging to those of us who are concerned that Congress assume a more effective role in our National Government to see examples of initiative such as yours.

My statement this morning will include (1) a discussion of some of the general problems confronting Congress in its efforts to control Federal expenditures, (2) an analysis of specific provisions of the bill in terms of contribution to more effective congressional control, and (3) an evaluation of the various arguments raised in opposition to a Joint Committee on the Budget. In general, I shall support the bill as a moderate yet potentially significant reform for strengthening congressional control of the Nation's finances.

SOME CONGRESSIONAL DILEMMAS IN THE QUEST FOR FINANCIAL CONTROL

Congress, through its role in the appropriations process, exercises tremendous power over both administration and policy. It is not so clear, however, that Congress exercises effective control of expenditures, that is, that Congress can act in the appropriations process with meaningful knowledge and understanding of the consequences of its action. The across-the-board reduction of a budget request is a not uncommon example of the use of congressional power without con-

<sup>1</sup> Letter to Senator McClellan, Mar. 20, 1963, p. 69.

gressional control. Faced with the almost impossible task of evaluating the details of the Executive budget, Congress may resort to a percentage cut of the total budget, in effect restoring discretionary control of expenditures to the Executive. Such arbitrary cuts may also seriously hinder the effective operation of executive agencies in a manner Congress never intended.

Given the constitutional power of Congress in the appropriations process, a power that will be exercised with or without effective control, the basic problem becomes one of providing Congress with the information and facilities necessary to analyze and interpret the consequences of its use of the power of the purse. Congressional control in the appropriations process therefore assumes, as Robert Wallace has pointed out:

- (1) Congressional determination of a desirable volume, range, and direction of program activity.
- (2) Congressional exercise of independent judgment concerning the financial resources, required by administrative agencies to support effectively such volume, range, and direction of program activity.
- (3) Availability of congressional sources of information and analyses as a basis for exercise of independent and informed judgment.<sup>2</sup>

If one accepts the congressional role in appropriations, the rational use of this power should be an important goal of congressional reform. It is not surprising that one of the principal sources of opposition to such reform is found in that school of thought that would reduce congressional involvement in the details of appropriations—in the direction of the British cabinet—parliamentary model.<sup>3</sup> Assuming then the desirability of more rationality in the use of congressional power, what are the current problems in the quest for financial control?

(1) The frustration of budgetary size and complexity. If a single word can express the emotional reaction of the individual Congressman to the Federal budget it is "frustration." How can he begin to comprehend the sheer size of \$100 billion—a question Congress was asking itself seriously little more than a decade ago when Federal expenditures were less than half that figure? How can he get on top of the budget and stay on top? If the senior Members of Congress are concerned with these questions, as the sponsorship of S. 537 suggests, one can imagine the almost total frustration and sense of impotence of the class of 1962 just entering the Congress.

The problem is not so much one of insufficient information as it is one of too much undigested information. Few Members have time to study the voluminous budget document, let alone the extensive testimony accumulated at subcommittee hearings both for the authorization and appropriation of funds. How can the Member obtain meaningful interpretation and analysis of the data already at his disposal or available on request? How can he formulate intelligent questions to ask in the appropriations process? A partial an-

<sup>2</sup> Robert A. Wallace, "Congressional Control of Federal Spending" (Detroit, Wayne State University Press, 1960), p. 5.

<sup>3</sup> See, for example, Arthur Smithies, "The Budgetary Process in the United States" (New York, McGraw-Hill, 1955), pp. 167-172.

swer is provided by the services of the Bureau of the Budget, through its "Budget in Brief," and its staff assistance to the Congress in explaining the President's Budget. However, the role of the Bureau of the Budget poses another range of problems.

Before considering these, it should be noted that an element of frustration is built into the congressional system—the frustration of the new Member who must serve his term as "apprentice," the frustration of the great majority of Members who cannot serve on the Appropriations Committee and must defer to the "specialization" of those who do serve. But, over and beyond this, the pervasive sense of frustration in Congress suggests a need that is not being met. It is also a self admission that Congress does not have control of the expenditure situation.

(2) The need for independent interpretation and analysis. Congress has available a number of potential sources for the interpretative studies it needs if it is to gain even a semblance of control over appropriations: the Budget Bureau, the General Accounting Office, the Legislative Reference Service, and its own professional committee staffs, especially the staffs of the Appropriations Committee, etc. These staff resources have proved inadequate for two major reasons.

First, the Budget Bureau, which makes the type of continuing analysis of fiscal questions that would be most useful to the Appropriations Committees, owes its primary allegiance to the Executive. As the staff arm of the President, located in the executive office of the President, the Budget Bureau presides over the formulation of the Executive Budget. The budgetary process within the executive bureaucracy assumes some of the characteristics one usually associates with the legislative process—interagency and interbureau bargaining, negotiation, and comprise.<sup>4</sup> Thus, when the President presents his budget, the Budget Bureau assumes an essentially defensive posture, treating budget decisions already reached as final, unwilling to upset the set of balances achieved. The Appropriations Committees thus receive their primary information on the budget document from a staff that is pleading its own cause. If the committees receive testimony from the executive agencies themselves, it will most likely be in the form of requests for even more funds than approved by the Budget Bureau. The ex parte character of executive staff testimony becomes a subject for even more serious concern when one recognizes the potential political uses of the budget.<sup>5</sup> The Budget Bureau will not be an independent or neutral point of reference in such situations.

Secondly, the major staff alternatives to the Budget Bureau—the GAO, Legislative Reference Service, and congressional staff have not been developed or utilized by Congress to provide the detailed analytical reporting on Federal expenditures that the Budget Bureau affords the Executive. In part this is the inevitable product of the nature of the executive and legislative roles in our system. The executive has immediate responsibility for the Federal Bureaucracy—his sources of information, and day to day involvement in the actual opera-

<sup>4</sup> See S. H. Huntington, "Strategic Planning and the Political Process," *Foreign Affairs*, January 1960, for a discussion of the executive and legislative processes involved in the formulation of national security policy within the executive branch.

<sup>5</sup> See Wallace, *op. cit.*, ch. 8, for a discussion of "budgetary legerdemain."

tion of the departments cannot be equalled by Congress without a drastic reallocation of constitutional roles. Yet, this is only a partial answer: Congress must assume a share of the blame itself. For instance, section 206 of the Legislative Reorganization Act of 1946 provided for expenditure analyses of executive agencies by the Comptroller General but Congress has not seen fit to appropriate funds to the GAO for this purpose.<sup>6</sup> Similarly, the Appropriations Committees of the Congress have unlimited authorization to hire additional staff—yet they have resisted pressures from within and without Congress to do so.<sup>7</sup> The Appropriations Committees could probably staff their subcommittees on a comparable basis to the staff authorized for the other standing committees of the Congress by the Legislative Reorganization Act of 1946 without creating an unmanageable staff bureaucracy.<sup>8</sup> The Legislative Reference Service, by its very nature of operations, i.e., providing staff assistance on request, has not provided the focus for continuing analysis.

The concept of a Joint Committee on the Budget has evolved in part from this context of Executive partiality of the Budget Bureau on the one hand and Congressional reluctance to develop its own independent resources on the other. It is, in essence, another alternative, another approach, to the unsolved problem of placing meaningful fiscal information at the disposal of Congress. Before considering its potential utility in this regard, two other problems are suggested by the preceding discussion.

(3) The limits of congressional intervention—the need for executive unity. In the quest for fiscal control, Congress should avoid creating a rival bureaucracy that would disrupt or undermine the progress made toward a unified executive budget under the Budget and Accounting Act of 1921. The Executive, by virtue of a unitary chief executive, and its hierarchical organization has provided the logical focus for weighing agency budget requests and formulating an overall executive budget. The President has been delegated the roles of chief budget officer and initiator of fiscal policy. Congress, maintaining the power of review, has endorsed and strengthened the concept of executive leadership in the budgetary process through subsequent legislation.<sup>9</sup>

However, if Congress is to have access to independent sources of information, there will inevitably be some duplication of effort, and some intrusion of congressional agencies into areas of data gathering, reporting and analysis that have been exclusive preserves of the executive. The tendency to create rival bureaucracies—rival executive and legislative Budget Bureaus—is probably inherent in any serious proposal to strengthen congressional control. It is a cost that should be offset by the improvements realized in increased congressional effectiveness. It is also more of an imaginary than a real danger. Congress, realistically, would not want to duplicate or usurp the task of formulating the executive budget. It is a much too onerous task that would require a new staffarm roughly equivalent in size to all

<sup>6</sup> *Ibid.*, pp. 155-176.

<sup>7</sup> *Ibid.*, p. 57. See also Kenneth Kofmehl, "The Professional Staffs of Congress" (Purdue University series, 1962), chs. 7, 9.

<sup>8</sup> Wallace, op. cit., p. 58.

<sup>9</sup> See Senate Committee on Government Operations, "Financial Management in the Federal Government," S. Doc. 11, 87th Cong.

the professional staff now employed in the standing committees. One of the reasons for the failure of the Joint Committee on the Legislative Budget, established under the Legislative Reorganization Act, was the failure to staff the committee to meet the overambitious expectations of the Act.<sup>10</sup> Congress is still not disposed to provide the staff for a full scale congressional Budget Bureau. The objectives of S.537 are considerably more modest.

Congress need not, however, duplicate or absorb the executive budget process in order to exercise greater control of expenditures. Selective studies by the GAO and supplementary staff to the Appropriations Committees would contribute to the informational needs of Congress without precluding a strong—even a stronger—executive Budget Bureau.

(4) The limits of congressional intervention—congressional disunity. The upper limit of acceptable congressional intervention in the budgetary process is set by the need for executive unity. The lower limit of possible action is set by the willingness or rather the unwillingness of Congress to coordinate its own efforts in the fiscal field. Woodrow Wilson once referred to the leadership of Congress as “the disintegrate ministry” or “government by committee chairman.”<sup>11</sup> Perhaps the real danger to balance in the appropriations process is not so much congressional disruption of the executive budget as it is breakdown of communications and cooperative relationships between the respective Appropriations Committees of the two Houses. Holbert Carroll, in his review of the coordination of committee control reaches the “disquieting” conclusion that—

Congress prefers to behave irresponsibly in dealing with fiscal matters. Congress prefers confusion. The Committees on Appropriations and Congress are not particularly interested in integrating their control over appropriations, in making more rational choices among alternatives, or in emphasis \* \* \* confusion \* \* \* enables the Members of Congress to mask their intrusions upon the executive budget to take care of politically pressing local needs, and pressure groups have more opportunities to get what they want when uncoordinate appropriation methods are employed.<sup>12</sup>

This suggests the real dilemma in the quest for financial control. Mr. Chairman, as you yourself have stated, Congress would be able to speak with “better grace and more influence” if it set its own house in order before criticizing the executive branch.<sup>13</sup>

To summarize, Congress currently faces several major problems in achieving meaningful control of Federal expenditures. If it is to overcome the widespread sense of frustration among its individual Members, it must develop facilities for the provision of interpretive and analytical studies that will be useful in formulating congressional questions in the appropriations process. Furthermore, it must develop facilities independent of the executive’s Bureau of the Budget. Several alternatives are available but none have been utilized effectively. Greater congressional control may mean increased duplication of effort and friction between the branches, but Congress is unlikely to destroy the basic utility of a unified executive budget. Finally,

<sup>10</sup> See Report of the Joint Committee on the Legislative Budget, H. Rept. 1361, 80th Cong., 2d sess., reprinted in the daily Congressional Record, Feb. 5, 1963, pp. 1754-1756.

<sup>11</sup> Congressional Government, especially chapters 2-3, “The House of Representatives.”

<sup>12</sup> Holbert N. Carroll, “The House of Representatives and Foreign Affairs” (University of Pittsburgh, 1958), pp. 207-208.

<sup>13</sup> Senator John L. McClellan, “Joint Committee on the Budget,” a speech by \* \* \* Jan. 25, 1963.

Congress must assume ultimate responsibility for its lack of control of the fiscal situation. Until it resolves its internal differences of opinion, confusion and not control will mark the exercise of its power.

#### COMMENTS ON SPECIFIC PROVISIONS OF S. 537

Turning now from these general considerations, what potential improvements may the specific reforms incorporated in S. 537 achieve in the appropriations process?

(1) The proposed Joint Committee on the Budget would afford Congress the opportunity for coordinated study of the entire budget and continuing review of the Nation's budgetary situation, a function that is fulfilled by neither House of Congress at present. The committee would consider the President's message on the state of the Union and the Economic Report, overall revenue estimates, and changes in economic conditions.

The approach taken in this regard in S. 537 is more modest and realistic than the approach taken in the case of the Joint Committee on the Legislative Budget (Sec. 138 of the Legislative Reorganization Act of 1946). Emphasis is placed on a small committee composed of members of the two Appropriations Committees avoiding the problem of enlarged membership and jurisdiction of a joint committee embracing both the spending and revenue committees of the two Houses. Emphasis is also placed on developing a core of professional staff services supplemented by the GAO and Budget Bureau, one of the major weaknesses of the previous committee. Also the requirement for a legislative ceiling on appropriations to be set in the first weeks of the session—a much too ambitious objective—has been dropped.

At a minimum, a Joint Committee on the Budget would afford some 14 Members of Congress directly, and the general membership indirectly, the opportunity to get an overview of the Federal budget and the budgetary process. The value of this exposure, in terms of more effective fiscal control, will depend, of course, on the amount of time and interest Members are willing and able to devote to an added committee responsibility. The major value of the joint committee approach probably lies in the contribution it would make to the intelligent development and use of staff services for the Congress.

(2) The proposed Joint Committee on the Budget constitutes an imaginative approach to the development and utilization of staff facilities for the interpretation and analysis of fiscal data. S. 537 would establish a professional staff under control of the joint committee which would provide services to both individual Members of Congress and the Appropriations Committees. The alternative approach of increasing the professional staffs of the respective Appropriations Committees would limit the flexibility of the staff, curtail direct services to nonmembers of the committees and eliminate possible economies of time and money afforded by pooled resources. Even under the proposed joint committee there remains a danger that committee members, especially ranking majority and minority members, will monopolize staff resources. Your committee, Mr. Chairman, may want to consider further safeguards to insure that the services of the joint committee are available to more than a few select members of

the Appropriations Committees. This would maintain one of the principal improvements afforded by the bill.

The professional staff of the joint committee by itself (estimated unofficially as 25 to 30) could not realistically accomplish the range of duties assigned to it in S. 537. Rather, it should serve as a mechanism for coordinating the collection of data and disseminating it to Congress in its most useful form. Thus, one of the most significant reforms of the bill enlists the Comptroller General in an important supporting role to the joint committee. The "new function" of the GAO envisaged in the bill is to make, at the request of the chairman of the joint committee, "such investigations and reports with respect to any agency as will enable the joint committee to give adequate consideration to items relating to agency expenditures, activities, or appropriation requests."<sup>14</sup> The bill also provides for the assignment of staff members of the Budget Bureau to attend executive sessions of the subcommittees of the Appropriations Committees with reference to proposed appropriations, as required. This provision, however, should be used with discretion. If Congress were to earmark a substantial number of Bureau staff members on a regular basis, it could undermine the control of expenditures currently achieved in the executive budget process. Finally, the requirement that all committees recommending legislation which would authorize appropriations submit estimates of project or program costs over the first 5 years of operation will involve the professional staffs of the standing committees, if only marginally, in the provision of data for more effective expenditure control.

Senator MUNDT. Dr. Saloma, will you expand on that statement a little more and tell us what you have in mind?

Dr. SALOMA. Yes, Senator Mundt.

The total staff of the Bureau itself, Senator McClellan mentioned earlier, is in the order of 450. I think the professional staff is nearer to 275.

Senator MUNDT. I think that is right, the professional staff. The rest of them are secretarial help?

Dr. SALOMA. Yes, sir. If this staff, say 1 member for each of the 14 subcommittees of the House Appropriations Committee, were required to sit in on a good share of the executive sessions, this would be a substantial portion of the Budget Bureau on loan to the Congress. This is if it were used to the full extent—

Senator MUNDT. You are thinking strictly in terms then of the depletion of the staff of the Budget Bureau rather than any conflict of interest or something of that kind?

Dr. SALOMA. Well, there is a concern, I think, especially on the part of the Budget Bureau itself in regard to conflict of interests, that is, whether the budget examiner could serve two masters. And I have already mentioned the ex parte character of executive staff testimony. The risk I am concerned about here is that these people would not be able to perform their usual functions of budget review and analysis. This is pretty much a full-time job when you consider the number of people assigned to the defense budget, for instance. I understand the

<sup>14</sup> See Senate Committee on Government Operations, "Joint Committee on the Budget," draft committee print.

practice has been for only one member of the Budget Bureau, in the area of defense, to sit with the Appropriations Committees. This bill would make it possible for each subcommittee to request the services of a Budget Bureau professional.

Senator MUNDT. OK.

Dr. SALOMA. (3) The proposed Joint Committee on the Budget should facilitate closer cooperation and working relationships between the two Appropriations Committees. During the past session of Congress, the appropriations process virtually broke down due to differences between the two Appropriations Committees. The delay of congressional action in some instances almost 4 months after the expiration of the previous fiscal year could not help but detract from the stature of Congress in the public's eye. The current truce has not solved the problem.

The Joint Committee on Internal Revenue Taxation has provided a working illustration of the possibilities for cooperative use of joint staff facilities by related committees in the Senate and House of Representatives. There would appear to be a similar potential in regard to the appropriations function. Joint staff would not only increase the efficiency and speed of the appropriations process, avoiding unnecessary duplication of staff work, but would also provide precedents in the development of techniques of cooperation. Section 3 of the bill, authorizing the Joint Committee to recommend joint hearings where expeditious, is another precedent in this direction.

There is one limitation to cooperation between the Appropriations Committees, however, that should be kept in mind in the establishment of joint staff facilities. The two committees perform different roles in the appropriations process: the House Committee on Appropriations views itself as the "guardian of public funds," a role that it feels cannot be reliably performed by any other unit in the appropriations process.<sup>15</sup> The Senate Committee on Appropriations serves in what may more nearly be termed an "appellate" role. Instead of the traditional bicameral function of review and technical revision, the Senate Appropriations Committee functions as a court of appeals for the restoration of budget cuts in the House.<sup>16</sup> However, it should be possible to provide a range of joint staff services without compromising the independence and separate roles of the two committees.

(4) The proposed Joint Committee of the Budget would serve as a watchdog for the standing committees to effect greater efficiency and economy in Government. Its duties would include the recommendation to the appropriate standing committees of changes required in existing laws and the making of reports and recommendations to any standing committee or subcommittee of either House of Congress concerning deviations from basic legislative authorization and related matters. Such reports and recommendations could be initiated by the Joint Committee itself or by request of any congressional committee or subcommittee. The effective use of these provisions of the bill depends, of course, on the willingness of the standing committees to use the services of the Joint Committee.

<sup>15</sup> See Richard F. Fenn, Jr., "The House Appropriations Committee," the American Political Science Review, LXI, No. 2, June 1962, p. 311.

<sup>16</sup> For a discussion of the factors contributing to the Senate appellate role, see Wallace, op. cit., pp. 28-29.

## SOME QUALIFICATIONS

The preceding points are potentially significant reforms in the congressional procedures for handling appropriations. But, as staff services they are essentially permissive reforms. They place at the disposal of Congress and especially its Appropriations Committees new techniques for rational control of expenditure. Some of these techniques—notably the use of the GAO under section 206 of the Legislative Reorganization Act—have been available for congressional use before. Even the creation of a joint committee with professional staff does not assure congressional use. Modest expectations are more appropriate.

The supporters of S. 537 have also perhaps overestimated the possible economies these reforms might achieve. Objective analyses of an executive agency's operation may justify further cuts in the budget. They may also serve to confirm the agency's budget justification. Knowledge can cut both ways and it is not unlikely that fuller congressional access to the facts will serve to moderate congressional demands for major cuts in the budget.

## A POSTSCRIPT: THE PROVISION OF MINORITY STAFF

In the light of the recent debate on the merits of minority staff, it is interesting to note that S. 537 designates a staff director appointed by and responsible to the members of the party of which the chairman of the Joint Committee is a member, and an associate staff director appointed by and responsible to the members of the opposition party. This accords with the recommendation of the minority members of the Joint Economic Committee who have endorsed the concept of a Joint Committee on the Budget with a "high level professional staff which includes minority representation."

Much of the discussion concerning the Joint Committee on the Budget has been set in the context of executive versus congressional roles. The respective roles of majority and minority parties within Congress should also be considered. While partisanship is minimized within the Appropriations Committees themselves, the budget is a continuing issue of debate between the party leaderships.<sup>17</sup> In this debate the majority party, if the same as that of the President, cannot serve as an impartial critic of the President's program, but must side in most instances with the President.<sup>18</sup> The party policy committees of the minority are clearly not organized or staffed to provide the leadership an intelligent basis for criticism. Joint Committee minority staff could, therefore, contribute to increased responsibility in partisan debate on the budget.

Senator MUNDT. I am glad you brought up the matter of minority staffs into these hearings. It is a matter of considerable discussion, as you know, both in the House and the Senate at the present time.

<sup>17</sup> Fenno, *op. cit.*, p. 317 ff.

<sup>18</sup> The Congressional Quarterly, weekly rept. No. 9, week ending Mar. 1, 1963, provides an excellent illustration in this regard. P. 240:

"House Speaker John W. McCormack (Democrat, Massachusetts), Feb. 20, told reporters that many senior Republicans had told him they were satisfied with current staffing arrangements. He said he knew that the so-called Republican 'activists' like Ford, Schwengel, Griffin, Curtis, and Peter Frelinghuysen, Jr. (New Jersey) were trying to develop independent Republican programs but that he saw no need for this since the job of the Democratic Congress was to enact the President's program and the 'activist' movement might be detrimental by creating delays."

We were unduly optimistic, I think, when we passed the LaFollette-Monroney Act in thinking we had met and solved that problem. It has not worked out exactly that way. I think if we are going to establish a Joint Committee, and engage in that kind of innovation, that this might be at least one committee where we write the rules of the game so that regardless of the disposition or the nature or the attitude of the chairman, the minority, regardless of which party it is, would be assured of adequate staff representation.

I have been thinking in terms of offering some kind of amendment to this bill which would try to solve that problem for all time to come.

Insofar as this Joint Committee is concerned, it seems to me if there is any place where one would want to be sure that the minority and majority staff reflect, with some degree of comparability, at least, the character and the party affiliation of the members of the Joint Committee, that this committee should proceed without any partisan control, and that the point you make is well taken.

Understandably a party which has its own President in the White House and, therefore, has its own people in the executive agencies at all the heads, just naturally is going to feel some compulsion to go along with the President which it wouldn't feel if the members were all a neuter gender politically which would be an ideal situation.

I suppose the reverse side is also true, the minority Member would be more impelled to nick away at a budget than it would be if the fellow belonged to the opposite party. We can't eliminate politics in this situation, but I think we can nullify or neutralize the political impact of this kind of committee by setting up the rules of the game whereby to a considerable degree the party affiliation of the professional staff will relate itself to the party affiliation of the Members who belong to the committee.

I am glad you brought it up for discussion. I am sure I don't have any patent medicine answer but I do think that when we start out now with something new and something different, and something useful that maybe we can increase its usefulness and add to its stature and get better acceptance from its recommendations if we can eliminate as far as possible any probability or potentiality of political control.

Dr. SALOMA. I think the approach which has been taken already in S. 537 is in the right direction. The Legislative Reorganization Act is, I think, 100 percent correct in stressing the importance of professional staff, and professional competence on the part of the staff. I think the issue relative to minority-majority staff is not so much partisanship as it is control of the staff.

Does the minority have enough staff assistance to draft minority reports, to look into issues on its own without disrupting the work of the committee itself but insuring that its points of view are represented. I think by providing specifically designated top level staff members to majority and minority you are meeting an important part of the need. Perhaps the bulk of the staff would remain professional and for the use of all committee members but at least you would assure that both the majority and minority had at least staff enough to draft a report if they choose to do so.

Senator MUNDT. In all events I want to congratulate you for bringing to our minds as the first witness to do so this sticky problem of how to handle staff assignments in a bipartisan committee. It works better in some committees than it does in others, but an awful howl

goes up in some committees, and distinguished and reputable commentators like Roscoe Drummond have been hammering away for years on the fact he thinks this is a great weakness of bipartisan government.

He makes it embarrassing for both Members of the minority and majority by pointing up these statistics and these statistics, I think, are correct.

I would like to see some progress made in that direction, and I think when we finalize the legislation in this one, this would be a good place to eliminate as far as possible any partisan packing of the committee staff and any partisan purpose of the committee.

This should be dedicated not only to economy because as you point out we may find out if we get knowledgeable about these things that some bureaus or agencies are too modest in making their requests. Many times since I have been a member of the Senate Appropriations Committee, for example, we have added money into the Department of Justice for the FBI that the FBI has not asked for. We said, "You have got to have a little more money, you are doing a good job and with a little more money you can do a better job."

Maybe we are right and maybe we are wrong, but conceivably if we had a staff that knew as much about the operation of the agencies and the bureaus and commissions as hopefully the members of the Budget Bureau know we might be increasing some appropriations and decreasing others.

So, I think in addition to having our eye on economy, that the co-sponsors of this bill had their eye on efficiency in government, and sometimes you get greater efficiency by a little expenditure of money.

Dr. SALOMA. Apart from the way this would cut, and how much the budget could be reduced, I think the importance of the measure is that it attempts to give Congress the means for carrying out its constitutional role in an intelligent rational manner. This, in itself, is in the interest of good government and a strong argument in behalf of S. 537.

I would like to conclude briefly with a summary of the major arguments that have been offered against S. 537.

#### MAJOR ARGUMENTS AGAINST THE JOINT COMMITTEE ON THE BUDGET

The arguments in opposition to the concept of a joint committee on the budget may be grouped in two broad categories: external and internal.

The first of these arguments, the external argument, assumes that reforms that strengthen Congress work to the detriment of the President. As James McGregor Burns states the case, "The stronger the exertion of congressional power, the more conservative and isolationist will be our national policy."<sup>19</sup> In his fourfold classification of American parties, he would have the presidential parties absorb the congressional parties. From this essentially proexecutive viewpoint, any measures that consolidate Congress and its committee structure or that develop cooperative links between the two Houses are dangerous and undesirable.

This argument should carry little weight within the Congress. The simplistic liberal-conservative dichotomy only ignores the prob-

<sup>19</sup> "The Deadlock of Democracy: Four Party Politics in America" (Prentice Hall, 1963), p. 264.

lem of effective use of congressional power. Congress is not likely to reform itself to conform to the model of Presidential power most of its critics seems to favor.

The second group of arguments, what I would term "internal," are far more basic since they are widely held within the Congress itself. They include institutional conservatism and particularism. As I have suggested above, Congress and its Appropriations Committees have had the authority to provide themselves increased staff services since the Legislative Reorganization Act of 1946, but have not chosen to do so for reasons of economy and staff control. This self-imposed austerity is shortsighted when one considers the forfeiture of control that has resulted. The oft-cited fear of a legislative bureaucracy potentially out of control of the legislators is also not an altogether persuasive argument. Marginal increases in staff in areas of indicated need should be manageable. In areas requiring major technical or professional staff assistance Congress might explore the uses of independent research organizations external to itself. The GAO provides an obvious illustration in its proposed new relation to the Joint Committee on the Budget. In the jurisdiction of the Space Committees, to cite another example, Congress might establish under its own auspices a Technical Assistance Corporation for obtaining independent scientific advice of the space program.<sup>20</sup>

Finally, congressional particularism in the form of jealousy of prerogative and jurisdiction stands in the way of cooperative efforts such as the proposed Joint Committee on the Budget. In theory it should be possible to reconcile committee independence with joint staff services. One plausible explanation that has been offered by Robert Wallace for the continued reluctance of the House Committee on Appropriations to accept reforms similar to S. 537 is power—the power both Appropriations Committees enjoy from a virtual monopoly of fiscal information within Congress:

Studies of the GAO would almost of necessity be made available to the whole Congress and to the Nation as well. This might lead to justifications for reductions to which they are opposed, or justification for expenditures they would want to cut. As it is, Congress and the Nation must rely heavily on the judgment of congressional Appropriations Committees, and if there is another source of information, their power is considerably diffused and their judgment not so vital.<sup>21</sup>

The interests of a more effective Congress should outweigh the special interests of even the most powerful committees. Ultimately particularism will yield to an aroused Congress. The question remains whether Congress will arouse itself to reform short of the crisis periods that produced previous reorganizations. S. 537 is a moderate reform which should help Congress fulfill its constitutional role of appropriations in a manner that will enhance its stature and better serve the national interest.

That concludes my statement, Mr. Chairman.

The CHAIRMAN. Thank you very much, Doctor. I have been interrupted several times in the course of your presentation, but I am going to read your testimony carefully, and I appreciate the contribution you are making to our consideration of this measure.

<sup>20</sup> Alton Frye and John S. Saloma, "Congress and Science Policy: The Struggle To Participate," unpublished article.

<sup>21</sup> Wallace, op. cit., pp. 173-174.

With respect to the matter of staff, I think it may be very well for some definite provision to be made, particularly in this joint committee. I have no objection to it. I operate the Committee on Government Operations in performing my duties as chairman, with all deference to members of the minority party. Every staff member on this committee has instructions to service any member of the committee, Republican or Democrat, at all times, and to provide them with every bit of information that we have. They are specifically instructed in writing minority reports to present the other side on any question at issue, and to put in the report everything they can produce favorable to the minority, or to those who wish to present a dissenting report, and that has the approval of those who are going to sign the report.

—

We have never had any problem on this committee, I am very happy to say, because those are the instructions to the staff.

If you will ask me whether a particular staff member is a Republican or a Democrat, there isn't a third of them that I can identify as to any party affiliation—I have never asked them. Politics has its proper place, but in these matters, so far as I am concerned, where the affairs of Government are involved and especially on an issue where all good citizens ought to unite in economy where economy can be attained, where it can be brought about we ought to do it—I don't think much partisanship should enter into it.

Senator MUNDT. I would like to ask you a question.

You brought Dr. James McGregor Burns into the picture, and his basic philosophy, if I understand it is that America would be better off with a stronger executive branch and weaker Congress, and consequently says the way to eliminate the four-party system which exists in Congress is to have the presidential party predominate and Congress play a lesser role.

Now, you are also a professor of government and I would like to ask you whether you embrace or oppose the James McGregor Burns approach to Congress.

Dr. SALOMA. It is a somewhat political question; but, no, I do not embrace this partly because of my approach to politics, which is more realistic and pragmatic. I don't seriously give Professor Burns much chance before the Congress or the American people. I think the kind of reform you advocate here which is a marginal, moderate reform to the approach that should be taken to congressional reform and I think it is the approach which in the long run will reach the desired result.

Senator MUNDT. I must say that in my 25 years in Congress if what Mr. James McGregor Burns describes, and that is the tendency of Congress to get unduly strong and the Executive to get unduly weak, if there has been any such trend that I have ever heard it has been just the opposite.

But in all events, the check and balance system, I think, is pretty well justified in our American history. Sometimes you do have Executives who are a little bit stronger than Congress. Sometimes you have Congress that is a little stronger than the Executive but the people have a way to settle that in their elections which come up every 2 and 4 and 6 years, and to take steps and to suggest reforms as Dr. Burns does which would deliberately decrease the authority of Congress and make it an even weaker part of the check and balance

system, to me would be turning the course of history back which had been making progress, that is the reason I am asking that question. I am glad to have you support it.

The CHAIRMAN. Thank you very much.

Mr. Lucius Wilmerding, will you come forward, please?

It may be necessary for me to leave to keep an important engagement before Mr. Wilmerding completes his statement. In order that I may not interrupt his testimony, I wish to make certain insertions in the record immediately following his statement, as follows:

Statements from Senators Gordon Allott, of Colorado; Edmund S. Muskie, of Maine; Leverett Saltonstall, of Massachusetts; and Representative John O. Marsh, Jr., of Virginia, in support of S. 537.

Also, I wish to include statements on the bill submitted by Mr. Ralph W. E. Reid, Assistant Director of the Bureau of the Budget, 1955-61, and Mr. Robert A. Wallace, Assistant to the Secretary of the Treasury. Letters addressed to the committee from Dr. Gerhard Colm, Chief Economist, National Planning Association, Hon. Daniel W. Bell, Acting Director of the Bureau of the Budget, 1934-39 and Under Secretary of the Treasury, 1940-45, commenting on S. 537, will likewise be included in the record.

The committee has also received a letter from Mr. Carlton W. Tiltinghast, chairman of the National Taxpayers Conference, on behalf of 30 State taxpayers associations and federations, which will be included in the record following the above statements and communications.

I wish to take this opportunity to express my appreciation and that of the members of the committee to the witnesses who have been so generous with their time and energy in assisting us in developing information and suggestions regarding the pending bill, as well as to those who have taken the trouble to forward their views and comments in the form of statements or letters to the committee.

I assure you that the committee is indeed grateful to all of you for your cooperation, which I know will be most helpful to us and to the Congress in the consideration of this important legislation.

#### STATEMENT OF LUCIUS WILMERDING, JR., PRINCETON, N.J.

Mr. WILMERDING. My name is Lucius Wilmerding, Jr., and I am the author of a book called "The Spending Power" which was published in 1943, and related the history of the efforts of Congress, mostly unsuccessful, to control expenditures from 1789 down to date.

I worked in the Treasury Department for 6 years.

The CHAIRMAN. Worked for whom?

Mr. WILMERDING. The Treasury Department here in Washington. I have been a special consultant to the Federal Reserve Board, and I was a member, this last year, of a committee of the budget appointed by the U.S. Chamber of Commerce at President Kennedy's request.

The CHAIRMAN. When did you write your book?

Mr. WILMERDING. In 1941—before the war.

The CHAIRMAN. I understand.

Senator MUNDT. Mr. Chairman, I would like to say I have known Lucius Wilmerding for a long time and he has written another book called "The Electoral College" which I have read many times and has come up with some very helpful suggestions as to how we can

straighten out the electoral college in this country and has provided some of the background information for Senate Joint Resolution 12 which the chairman and I had joined with other Senators in introducing.

I haven't read your book on spending but if it is as good as your book on the electoral college I know it is a fine book.

The CHAIRMAN. Very well.

Do you have a prepared statement?

Mr. WILMERDING. No, sir; I don't have a prepared statement. I thought I would just talk off the cuff.

The CHAIRMAN. All right, you may proceed.

Mr. WILMERDING. I testified in 1951 on a bill very much like this and at that time I expressed some doubts that it would meet all the objectives of the committee. I don't want to repeat those doubts now, though I still feel them. I would rather speak to another point. Since 1951, I have become much concerned with the acrimonious disputes that go on from year to year between the House and Senate over their respective rights to originate appropriations bills and the breakdown of legislative procedures which has accompanied those disputes.

I am thinking particularly, of course, of last year's dispute between Senator Hayden and Representative Cannon. If this were just an isolated instance it wouldn't make too much difference but this kind of dispute has been going on since 1789 almost every year and it shows no signs of stopping, and the thing that I like particularly about this bill is that it seems to provide some machinery for avoiding such disputes by bringing together in a single committee the members of the Senate and House Appropriations Committees.

As I understand the testimony here this morning and as I gather from the chairman's speech of January 25th the bill itself has got tangled up in this constitutional dispute. It has been represented in the House as an infringement on the allegedly exclusive right of that body to originate appropriation bills. I think if the air could be cleared of that difficulty, this bill probably would have no trouble in passing because I see that a great majority of the Senate are for it and I presume that an equally great majority of the House would support it if the vote were taken solely on its merits. Only the constitutional difficulty obstructs its passage.

Senator MUNDT. To fortify your viewpoint it should be said that the Senate has already acted favorably on preceding legislation, I think, identical to this, Mr. Reynolds, or very similar.

Mr. REYNOLDS. It has passed the Senate five times.

Senator MUNDT. Five times the Senate has approved this. Five times the House has said no and I think you put your finger on the reason, under a false assumption that the Constitution says that appropriation bills originate in the House.

The Constitution says no such thing, it says revenue bills.

Mr. WILMERDING. It says revenue bills—"bills for raising revenue"—and I wanted to discuss that a little bit, not at great length. I want to show that the history of the clause in the Federal Convention proves that appropriation bills were not included in revenue bills but specifically excluded; and I want to show that the practice of the Senate in the early years was to originate appropriation bills, that its rules provided for originating appropriation bills, and that the

dispute about the exclusive right of the House to originate appropriation bills didn't really get underway until 1837.

Up until that time the dispute was generally about bills and whether the Senate could amend revenue bills in a radical way.

In the Federal Convention a discrimination in the powers of the two Houses with respect to the origination of bills was first debated on June 13, 1787. Elbridge Gerry of Massachusetts, who was a great admirer of the British system, proposed that all money bills should originate in the House of Representatives exclusively.

That motion was debated solely on its merits—the only time it was so debated—and it was defeated by a vote of eight States to three, the three being Delaware, New York, and North Carolina (erroneously reported as Virginia).

The proposal next appeared in connection with the compromise between the large and small States on representation. In one House the States were to be represented in proportion to their respective numbers of inhabitants; in the other they were to have an equal vote. To persuade the large States to accept this compromise the small States offered them a price. That price was the exclusive right of the House of Representatives (which would be controlled by the large States) to originate "all bills for raising or appropriating money and for fixing the salaries of the officers of Government." Such bills were to be concurred in or rejected as a whole by the Senate; they could not be altered or amended. No money was to be drawn from the Public Treasury except in consequence of appropriations made by the House of Representatives.

That was the price offered by the small States for the consent of the large States to the grand compromise on representation. It was not part of the compromise itself.

The large States accepted the compromise but refused the price. On August 8 the section was expunged from the draft Constitution by a vote of seven States to four. Subsequent efforts to reinstate it were defeated. A great majority thought it best to let each House originate any bill, whether or not it related to money.

The proposition now seemed to be dead, but it came up again in a much modified form in connection with the compromise on the mode of electing the President. In that compromise, the large States were given an advantage over the small in the electoral college and the small State over the large in the House of Representatives whenever the election of the President should revolve on that body.

Again the small States offered a price to have this arrangement adopted and agreed to by the large States, but this time the price offered was such that the large States might, in a spirit of accommodation, accept it.

Gone were the words relating to appropriation bills and salary bills; only revenue bills, "bills for raising revenue," were to originate exclusively in the House. Gone were the words restricting the power of the Senate to alter and amend bills of any kind. On the contrary the power of the Senate to change revenue bills, as other bills, was explicitly asserted. The injunction remained that no appropriations shall be drawn from the Treasury except in consequence of appropriations, but the words "made by the House of Representatives," were changed to "made by law"—all of which proves pretty conclu-

sively that the appropriation bills were not meant to be included in the constitutional prerogative of the House but, on the contrary, were specifically meant to be excluded.

Senator MUNDR. Couldn't that position be fortified and reenforced by the fact that the Constitution talks only about revenue bills and says nothing about appropriation bills?

The fact that the Constitutional Convention considered and rejected proposals to have appropriation bills originate in the House would seem to me to destroy any basis whatsoever for the assumption that the Constitution holds appropriation bills must originate in the House.

Mr. WILMERDING. You could deduce that by just reading the proceedings in the Convention.

When you go on to read the debates it becomes even clearer it is spelled out in words of almost one syllable by Madison and James Wilson and others who talked about this subject. But another reinforcing fact is that the members of the Federal Convention who favored a restriction on the power of the Senate to originate money bills, knew that they had been defeated and said so.

George Mason was very keen on this restrictive clause and he refused to sign the Constitution on the ground that it allowed the Senate the right to originate appropriation bills. He put that down specifically as one of his reasons. The same with Elbridge Gerry. He said:

The right of the House to originate revenue bills has been effectually destroyed by the right of the Senate to alter and amend them.

The winners and losers were agreed on what the result was, and the result was very little. It was just that the House could originate bills for raising revenue. Even the phrase "raising revenue" was carefully chosen to repel the objection against "raising money," which might happen incidentally.

The actual wording came from the Massachusetts constitution, the words, "money bills" being changed into "bills for raising revenues" so as to reflect their previous decisions of the Convention on this matter.

So much for the Constitution. Now as to practice. In the first years of the Government, the Senate frequently originated appropriations bills. They were mostly for small amounts, private claims and the like. Perhaps the largest was an act of 1799 making appropriations for carrying some Indian treaties into effect. But small or large, the principle was the same. I could also call attention to a rule of the Senate adopted in 1787, fixing the day in its second session after which, in courtesy to the House, it would not originate bills making appropriations for the general government or for the military and naval establishments. This rule clearly shows that the Senate asserted a right at that time to originate the great appropriation bills of Government if it were convenient.

The House never objected to any of these appropriation bills passed by the Senate. They concurred in them without any comment. The only disputes arising between their Houses were over the constitutional interpretation of the phrase "bills for raising revenue." Was a bill for repealing a salt duty, or a bill to reduce tariffs, or a bill for issuing Treasury notes in anticipation of taxes, a bill for raising revenue? These questions produced the same kind of inconveniences then as now, fights and squabbles and acrimonious disputes between the two

Houses; but it wasn't until much later that the House rejected Senate appropriation bills on constitutional grounds.

The first instance, I think, was in 1837 when the Senate originated a military appropriation bill and the House refused to act on it. It passed a bill of its own in identical language, and persuaded the Senate to accept it. In form the House originated that bill but, of course, the bill really had been originated by the Senate.

Senator MUNDT. As a matter of fact, even now the Senate originates appropriations, maybe not appropriation bills, but if, after a House measure appropriation bill has been approved, and sent over here, as frequently happens, new legislation is passed which involves the necessity for appropriations, we originate the appropriations and send it back over there for conference.

So, in practice, we are doing exactly what the House says shouldn't be done. We originate appropriations.

Now, there isn't the word "bill" behind them but it is the same thing; we sit on it; we act on it; we appropriate the money, and send it to conference, and they concur or don't concur as they desire to do and deem best, but as far as your originating precedent is concerned it operates in the Senate now.

Mr. WILMERDING. That is right. A similar remark was made by Senator George F. Hoar of Massachusetts in 1879.

He had had very long experience in the House of Representatives and he remarked that the privilege of originating revenue bills gave the House no advantage in theory but in practice gave an advantage to the Senate. Let the House pass a money bill; let the Senate by way of amendment strike out everything after the enacting clause, substitute its own plan of finance, and send it back too late in the session for consideration. The House would reject the Senate amendments in lump without hearing them read; the Senate would insist, and a conference would be granted. A conference report must be accepted or rejected as a whole.

In practice, therefore, said Senator Hoar, the whole power of legislation over Senate amendment was delegated to the conference managers. "Is it not obvious" he asked rhetorically, "that the House has purchased the empty and barren privilege of origination at the sacrifice of its freedom of debate?"

I take it that is much the same thing you are saying now. The House doesn't really gain anything by the privilege of originating revenue bills or by insisting on its supposed privileges of originating appropriation bills. The country loses by the weakening of the bicameral principle of legislation.

Senator MUNDT. I think you serve a very useful purpose in bringing this into the hearing because largely it is a mistaken concept on the part of some members of the House Appropriations Committee about these constitutional provisions that have served as a roadblock to the adoption of this joint committee bill.

Mr. WILMERDING. That is the reason I brought it in, and because it is getting late that is the only thing I want to say about this bill. I was hoping to suggest that maybe in an appendix to the committee's report the staff might work up a little historical account of the origin of this dispute for the information of those Members of the House who have probably never really studied this question.

It is too often said that the House has an exclusive right to originate money bills. Then a great deal of ingenuity and learning is expended in proving that in 1787 money bills included appropriation bills, which indeed they did. But the Constitution says nothing of money bills; it speaks only—and very deliberately—of bills for raising revenue.

Senator MUNDT. I was a member of that subcommittee of the Appropriations Committee which was engaged for many weeks as to whether it was important to hold the conference committee 75 feet closer to the House or 75 feet closer to the Senate and whether it was important to have the one man or the other designated as chairman of the conference.

Actually the chairman of the conference has just one vote. He doesn't exercise any predominant influence. Certainly the location might be a matter of convenience on roll calls, something of that kind of thing, but it would be a shame, in my opinion, to retard a reform for a sixth time, if it were defeated for a sixth time in the House, because of an illusion that the Constitution says something which it does not say at all.

The chairman and I have read an article by Mr. Wilmerding which he had published some time ago going into this whole history, supplying some of the details he didn't have a chance to supply today. It is a comparatively short article and I would like to have unanimous consent to have his article appear as part of his testimony in the record.

Senator PELL (presiding). Without objection it will be included in the record.

Senator MUNDT. You have it in mind, I am sure. It was published in a national publication.

Mr. WILMERDING. I published an article on the Hayden-Cannon dispute in the Washington Post, on Sunday, January 6 of this year.

SENATOR MUNDT. It was read on Columbus Day by Senator Willis Robertson on the floor of the Senate.

Mr. WILMERDING. I didn't know that.

Senator MUNDT. We would like to incorporate that as part of your your remarks, if you will provide it.

(The article referred to follows:)

[From the Washington Post, Jan. 6, 1963]

#### HILL HAS BEEN SCRAPPING OVER THE PURSE STRINGS SINCE 1787

(By Lucius Wilmerding, Jr., economist and author)

Senator Carl Hayden of Arizona and Representative Clarence Cannon of Missouri were reelected to Congress in November. Last summer, these two venerable and experienced statesmen, chairmen, respectively, of the Senate and House Appropriations Committees, were engaged in a controversy that brought the financial business of Congress to a standstill and for a time threatened to leave the Government without operating funds.

This controversy, begun over the trivial question of the room in which a conference committee should meet and who should be its chairman, was soon extended to embrace a constitutional issue: Does the Senate have the right to originate appropriation bills?

Cannon said no; Hayden, yes. Neither man could convince the other. Tempers were exacerbated and it is very probable that the return of the two principals to Congress portends a renewal of their debate.

At first blush, the point at issue may seem inconsequential. In the United States, the power of the purse belongs exclusively to Congress, and the purse, as James Wilson remarked in the Federal Convention of 1787, has two strings, one in the hands of the House, the other in those of the Senate. The purse can be untied, whether to put money in or to take it out, only if both Houses concur in the untying. What conceivable difference can it make which House looses the first string?

Obviously none, but that the question can be raised makes a great difference. In the business of Congress, time is a valuable commodity. Controversies that waste it are always inconvenient. In the present day, with so much to be done and so little time to do it, they may also be dangerous.

From the beginning of the Government, the right of the Senate to originate "bills dealing with the public revenue and expenditure has been debated, but no definitive answer has been given. In these debates, the councils of both Houses have been distracted. Important bills have been lost not because there was any disagreement as to their merits but because of disputes as to their place of origin.

At the bottom of the difficulty lies that section of the Constitution which reads: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills." What does it mean? Do bills for raising revenue include bills reducing revenue or spending it. May the Senate originate such bills under the name of amendments? The debates on these and similar questions has been long, loud, and inconclusive.

There is also a more significant question. What did the framers of the Constitution intend by this discrimination of bills for raising revenue and other bills? Did they mean to confer upon the House a substantial prerogative or an immaterial privilege? If the latter, how did they come to put it in the fundamental instrument?

Fortunately, the records of the Federal Convention supply the answers to most of these questions, and in particular to the last.

The story begins June 13, 1787. The Convention was considering a proposition that each branch of the national legislature ought to possess the right to originate acts. Elbridge Gerry of Massachusetts moved to add the words, "excepting money bills, which shall originate in the first branch." He would seem to have offered no other argument than the example of the British Constitution.

The sense of the Convention, however, was decidedly against him. Gentlemen, it was said, were always following the British Constitution when the reason of it did not apply. The Senate would generally be a more capable set of men than the House and ought not to be disabled from any preparation of that part of the public business which was most important and, in our Republic, worse prepared than any other.

In England, the discrimination between money and other bills had proved nugatory; the lords had found many ways of avoiding it. The experience of the States was also against it. In Connecticut, both branches could originate in all cases, and the practice had been found safe and convenient. In South Carolina, Maryland, and Virginia, where the distinction prevailed, it had been a pernicious source of dispute between the two branches.

Gerry's motion was lost by a vote of eight States to three. This was the only occasion upon which the idea of a discrimination was debated singly on its merits. Its subsequent history is illuminated by a note of Madison's:

"Colonel Mason, Mr. Gerry, and other Members from large States set great value on this privilege of originating money bills. Of this the Members from the small States, with some from the large States who wished a high mounted Government, endeavored to avail themselves by making that privilege the price of arrangements in the Constitution favorable to the small States and to the elevation of the Government."

A first attempt was made in July in connection with the great compromise that gave each State a representation in the House proportional to its population but an equal representation in the Senate. If the large States would accept the compromise the small States would pay a price. They would consent not only that money bills should originate in the House alone but that the Senate should have no right to alter or amend them.

The language of the offer, had it found its way into the Constitution, would have gladdened the heart of Representative Cannon: "All bills for raising or appropriating money and for fixing the salaries of the officers of Government

shall originate in the House of Representatives and shall not be altered or amended by the Senate. No money shall be drawn from the Public Treasury but in pursuance of appropriations that shall originate in the House of Representatives."

But the offer was rejected. Most of the Members from large States regarded the restriction upon the Senate as either useless or pernicious. The equality of suffrage in the Senate might be forced upon them, but they would not accept a compensation which on its own merits rendered the plan of government still more objectionable.

The small States, finding themselves able to gain their point without a price, gladly joined with the large ones in expunging it from the draft Constitution.

For a time it appeared that the issue was dead, but there were faces to be saved and Members to be conciliated. In September, the last remaining chasm in the Constitution was to be filled up. A grand committee reported a compromise plan for electing the President. Again a price was offered by the small States to the large.

If they were allowed an overrepresentation in the Electoral College and an equal vote in the contingent election of the President by the House, they would reinstate, against their judgment, the section on origination to which Mason, Gerry, and others had attached so much importance.

They would modify it, however, in such a way as to meet most of the objections that had been urged against it. In particular, they would limit the privilege to one class of money bills, those for raising revenue, and they would impose no restriction upon the right of the Senate to amend them.

The language suggested was as follows: "All bills for raising revenue shall originate in the House of Representatives, and shall be subject to alterations and amendments by the Senate. No money shall be drawn from the Treasury but in consequence of appropriations made by law."

The long argument was now at an end. Madison, Wilson, Washington, Butler, King, Gouverneur Morris, the two Pinckneys and the others opposed to a discrimination, consented in a spirit of accommodation to the meaningless compromise.

In the final draft of the Constitution, the section was divided. The first sentence was rephrased to conform with the Massachusetts constitution, the expression "money bills" being changed to "bills for raising revenue." The second sentence was moved to another part of the Constitution.

The attempt to conciliate Mason and Gerry, however, had failed. The former refused to sign the Constitution and gave as one of his reasons the right of the Senate to originate appropriation and salary bills. The latter also refused to sign and declared that the right of the House to originate revenue bills was "effectively destroyed" by the right of the Senate to amend them.

Such was the genesis of the constitutional provision that has produced nothing but difficulty between the two Houses. No sooner had the new legislature met than trouble began.

In the first Congress, a dispute arose in the House which led Elias Boudinot to exclaim in words that might apply to every succeeding dispute: "It is contended that the House are relinquishing their right to the purse strings. What is their right? They can originate a money bill, but the Senate can alter or amend it; they can negative it altogether; the system of finance is under the mutual inspection and direction of both Houses. Then why should this branch attempt, unconstitutionally, to check the cooperating powers of the Senate?"

In 1833, the right of the Senate to originate a bill to reduce tariffs was disputed on the ground that it might operate to increase revenue. In 1837, a Senate bill authorizing an issue of Treasury notes was denounced in the House as the greatest breach of its privileges that had ever been perpetrated, though it was not altogether clear that a bill for anticipating revenue was the same as a bill for raising it.

Up to this time, little or no difficulty had arisen with respect to appropriation acts. The Senate, as a matter of course, originated many of them and the House passed them without demur. Mostly they were for small sums of money—relief bills and the like. Nevertheless, it is clear that the Senate admitted no restriction on its right to originate appropriation bills of any magnitude.

In practice, the great appropriation bills originated in the House. The procedure was natural and convenient, for in those early days the financial machinery of that body had not yet been disintegrated. It was the function of the Ways and Means Committee to report both revenue and expenditure bills. Very sensibly, it considered them together.

In the course of time, custom might seem, in the minds of many Members, to have hardened into law. Be that as it may, in 1837, the area of altercation between the two Houses was extended to take in appropriation bills.

The House refused to act on a military appropriation bill sent down by the Senate, passed a bill of its own in identical language and persuaded the Senate to accept it. At the next session, James Buchanan rose to protest its being admitted that the Senate had no right to originate appropriation bills.

In 1856, the Senate considered the advisability of directing its Finance Committee to prepare and report such of the general appropriation bills as it might deem expedient. More to avoid a controversy with the other House than because of any doubts as to the expediency or constitutionality of the proposal, it was shelved. Such has been the fate of all subsequent proposals along the same line down to that made by Senator Hayden in 1962.

In the meantime, particular appropriation bills were subjected to the same niggling criticisms as revenue bills. In 1937, for example, two House appropriation bills were combined by the Senate and sent back to the House as a single bill.

Representative Cannon was enraged.

The right to originate revenue bills, he declared, included the right to originate appropriation bills, and the latter right included the right to determine the manner and form in which they were presented. It was in vain that Senator Glass pronounced every link in this logical chain "ridiculous."

A quarter of a century later, in his controversy with Senator Hayden, Cannon came within an ace of contending that the alleged right of the House to originate appropriation bills included the right to determine the room in the Capitol where conference committees on such bills should meet and who should be their chairmen.

Not only have such altercations wasted the time of Congress; they have in large measure nullified one of the basic principles of the Constitution—the bicameral consideration of money bills.

As long ago as 1879, Senator George F. Hoar of Massachusetts, speaking from long experience in the other House, remarked that the privilege of originating revenue bills gave the House no advantage in theory but in practice gave an advantage to the Senate. Let the House pass a money bill: the Senate would by way of amendment strike out everything after the enacting clause, substitute its own plan of finance and send it back too late in the session for consideration.

The House would reject the Senate amendments in lump without hearing them read; the Senate would insist; a conference would be granted. A conference report must be accepted or rejected as a whole. In practice, therefore, the whole power of legislation over Senate amendments was delegated to the conference managers. Was it not obvious, he asked, that the House had purchased the barren privilege of origination at the sacrifice of its freedom of debate?

It is indeed obvious; but what is to be done? Logically, the proper solution would be to expunge from the Constitution the clause that has given rise to the difficulty—a clause intended by its framers to be nugatory and introduced only as a sop to the feelings of a few men long since dead.

But constitutional amendments are hard to come by. One can only hope that the leaders of a future House will abandon their pretensions to a wider privilege than that granted by the letter of the Constitution and adopt the strictest possible construction of the unhappy clause.

In the meantime, it can do no good to characterize, as the press has done, the current dispute between Senator Hayden and Representative Cannon as a contest for self-aggrandizement between two prideful and stubborn old men. The fault is in the Constitution. Only an act of statesmanship can remove or mitigate it.

Mr. WILMERDING. In concluding my statement I would like to remind the committee of a remark made and a question asked by James Wilson in the Federal Convention with regard to the purse strings.

"The purse," he said, "was to have two strings, one of which was in the hands of the House of Representatives, the other in those of the Senate. Both Houses must concur in the untying, and of what importance could it be which untied first, which last."

Well, it would obviously seem to be of no great importance, but the fact that the question can be raised at all makes a very great deal of difference because in the business of Congress time is a valuable commodity and controversies that waste it are to be deplored. They are always inconvenient and unpleasant but in the present day and age, with so much to be done and so little time to do it, they may also be dangerous.

Any measure that would reduce the area of altercation between the two Houses must get my support.

Senator MUNDT. I think that analogy of the purse having two strings is very appropriate and very effective. I am glad to have it.

Mr. WILMERDING. Well, that concludes my testimony. That is the only point I wanted to testify to.

Senator PELL. I thank Mr. Wilmerding very much and extend my own personal welcome to him as an old friend.

Mr. WILMERDING. Thank you, Senator Pell.

Senator PELL. I have no questions.

(The communications and statements placed in the record at this point, by direction of the chairman, are as follows:)

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
March 11, 1963.

Hon. JOHN L. McCLELLAN,  
*Chairman, Senate Committee on Government Operations,*  
*New Senate Office Building, Washington, D.C.*

DEAR JOHN: This is with reference to the hearings on S. 537, which will be held March 19 and 20 before your committee. While I shall be unable to testify in behalf of this bill, although I did cosponsor it January 25, I did want to assure you of my strong support of this concept. You are to be commended for pursuing the matter and it is to be hoped that expeditious action may be taken on it subsequent to the hearings. Perhaps this year we may be able to persuade our colleagues on the other side of the Capitol of the need for this joint committee and if there is anything I can do in this connection, please let me know.

Warmest regards.

Sincerely yours,

GORDON ALLOTT, U.S. Senator.

STATEMENT BY SENATOR EDMUND S. MUSKIE, OF MAINE, SUBMITTED TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS IN SUPPORT OF S. 537, A BILL TO ESTABLISH A JOINT COMMITTEE ON THE BUDGET, MARCH 20, 1963

Mr. Chairman, This is the second Congress in which I have joined you in cosponsoring legislation to establish a Joint Committee on the Budget. With each passing day I am more convinced that this proposal is sound, necessary, and urgent. It is my earnest hope that the 88th Congress will approve S. 537 as a vital step in the improvement of our handling of the fiscal requirements of the Federal Government.

Each year the Congress receives a monumental document from the President, known as The Budget of the United States Government. This year's budget, calling for the expenditure of \$98.8 billion, is set forth in 440 pages of the basic request, plus 1,195 pages of appendix, the additional 64 page budget request for the District of Columbia, and the thousands of pages of supporting documents and tables submitted by individual departments and agencies.

The executive branch of the Government devotes thousands of man-hours each year to the preparation, review, and revision of the budget requests. The President is aided by the substantial staff of the Bureau of the Budget in making his final recommendation to the Congress. Whatever we may think of the details of the final budget, it is obviously the product of painstaking work and analysis by experts. I, for one, would not want this effort reduced.

Congress, on the other hand, faced with multiple responsibilities and with overburdened staffs, must cope with mountains of figures from the departments

and agencies, and must assume the final responsibility of appropriating the necessary funds to carry out the functions of Government which we have authorized. The Appropriations Committees of the House and the Senate, working independently, endeavor to translate and interpret the appropriation measures in the light of congressional intent and national needs. The only time the committees come together is in conference to adjust the differences between the two bodies on specific appropriation bills. As we have seen in recent years, this is not a wholly satisfactory system.

Early this year, in an article published in *This Week* magazine, I called for a Joint Committee on Appropriations. I believe that this would be a sensible and practicable solution to our problems. However, in view of the fate of similar proposals in the past, I doubt that we can expect early action on a recommendation for a Joint Committee on Appropriations. A Joint Committee on the Budget would provide many of the technical services needed by both Appropriations Committees and would go a long way toward reducing many of the obstacles to cooperation between the House and Senate on appropriations measures.

Congress has an awesome responsibility in voting appropriations for the Federal budget. What we do in this field has a direct and vital impact on the lives of our constituents. I urge prompt enactment of S. 537 as an important contribution to the fiscal integrity of the Nation.

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U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
March 20, 1963.

Hon. JOHN L. McCLELLAN,  
*Chairman, Committee on Government Operations,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: While in past years I have been an advocate, with you and many others, of an effort to bring the appropriations and the revenues of our Government more closely in line, I find I am not a sponsor of the bill this year. However, I am in favor of the setting up of the Joint Committee which is the subject matter of your hearing. This committee should perform the same general function for the Appropriations Committee of the House and Senate as the Joint Committee on Internal Revenue Taxation performs for the Ways and Means and Finance Committees.

One of the major problems we have in the discussion of appropriations is that at no fixed time is the interaction between appropriations and revenues discussed.

A few years ago we experimented with one overall appropriation bill. This in my opinion was not a particularly successful experiment, although I was in favor of it at the time. I believe your present recommendation for this Joint Committee is worthy of trial and I hope will be more helpful in working out the fundamental problem of a balanced budget.

Recently in a newsletter to my constituents in Massachusetts I said: "One of the major problems in congressional review and action on Federal receipts and expenditures is that different committees handle revenue measures and appropriations bills, and the total Federal appropriations are broken down into separate departmental bills. Congress never votes on the entire Federal budget."

I hope your committee may make a favorable report and I respectfully request you to insert this letter in the record of the hearing.

Sincerely,

LEVERETT SALTONSTALL, U.S. Senator.

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STATEMENT OF HON. JOHN O. MARSH, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. Chairman, I am grateful for the consideration of the committee in receiving these brief remarks for the record.

After careful study of its provisions and reference to testimony given on similar bills offered in previous Congresses, I was glad to join in sponsorship in the House of a companion measure to H.R. 3695.

The justifications for the bill have been set forth most effectively in the testimony of other witnesses, and I desire merely to add an expression of my conviction that the establishment of a Joint Committee on the Budget would contribute substantially to the effectiveness of both bodies of the Congress in making an orderly and economic disposition of the public revenue.

I see no involvement of constitutional apportionment of responsibility, nor even any cause for doubt on the basis of precedent. Joint committees have served the Congress well, notably in the professional staffing provided by the Joint Committee on Internal Revenue Taxation. It seems no more or less than commonsense that the Congress should arm itself with as much solid information when it approaches the appropriation of public funds as when it legislates to raise these funds.

As the legislation which is the subject of this hearing has bipartisan sponsorship in both bodies, I hope it will have bipartisan support in committee and on the floor, in order that the Congress as a whole may be able to cope more intelligently and effectively with the problem of recurring deficits—a matter of the highest importance to the economic strength of the United States in the current worldwide contest against a political and economic system, the leaders of which are confident we are heading to an economic collapse which could bring them a bloodless victory.

A. T. KEARNEY & Co.,  
Washington 6, D.C., March 18, 1963.

Hon. JOHN L. McCLELLAN,  
U.S. Senate.

MY DEAR SENATOR McCLELLAN: Pursuant to your invitation of March 6, and subsequent discussion with Mr. Reynolds, I am delighted to transmit herewith a statement in support of S. 357. The establishment of a Joint Committee on the Budget along the lines contemplated in subject bill, would in my judgment be very much in the national interest.

I am indebted for your thoughtfulness in permitting me to make a statement for the record.

Faithfully,

RALPH W. E. REID.

STATEMENT OF RALPH W. E. REID REGARDING S. 537

My name is Ralph W. E. Reid. I am a citizen of Virginia.

I am presently the resident manager in Washington for A. T. Kearney & Co., a management consulting firm with headquarters in Chicago. From 1955 until 1961 I was assistant director of the U.S. Bureau of the Budget. I am presently a member of two committees of the Chamber of Commerce of the United States with interest in the Federal Budget: the Government Operations and Expenditures Committee and the Committee for Improving the Federal Budget, which was established last fall at the request of President Kennedy. This statement is made, however, in my capacity as a private citizen.

Four concerns lead me to urge approval of legislation along the lines of S. 537:

(1) As the chairman of your committee pointed out recently before the Senate, as the cost of operating the Federal Government approaches \$100 billion a year it becomes increasingly important that Congress do everything in its power and take every action it possibly can to bring about more efficient and more intelligent appropriations of public revenues. In the light of the complexity of the budget, with its literally thousands of separate line items, and of the fact that at any given moment in time departments and agencies will be spending from past appropriations, justifying new appropriations, and planning for future appropriations, it seems clear that Congress can fully discharge its constitutional responsibility to our citizenry for appropriating public moneys only if it is in position fully to examine and comprehend justifications for past, present, and future spending programs. I am persuaded S. 537 would contribute to this objective.

(2) As a select committee of the Congress pointed out in urging the creation of the Bureau of the Budget in 1921, it is imperative in the development of any Budget that expenditure programs be measured against the state of the Treasury. What may be desirable and justifiable in one year may be desirable but unjustifiable in another year, dependent on the state of the revenue. For example, appropriations for the fiscal year 1963 budget were made last year by the Congress in the light of the President's estimate that the administrative budget for fiscal year 1963 would show a surplus of \$500 million. The President's latest estimate is that the fiscal year 1963 budget will run a deficit of \$8.8 billion, largely the result of a downward revision of \$7.5 billion in estimates of receipts. Had Congress been able to form its own judgment last year of

probable receipts, and had it foreseen what was suggested by many independent observers—that the revenue estimates were too high—there would undoubtedly have been greater cinctures and restraints on the appropriations process. I am hopeful the joint committee proposed by S. 537 would be helpful in providing the Congress with greater independence in the development of revenue estimates.

(3) In a comparable vein, there is the problem of estimating the totality of annual expenditures which will result from the separate appropriation bills. A review of Presidential budget estimates over the years will show that in a large number of instances the actual expenditures at the end of the fiscal years have been higher than forecast in the original budgets sent to the Congress. Here again, if Congress were in position to develop its own projections of probable total spending arising from the appropriations requests, and were able with authority to foresee instances in which total annual spending would obviously exceed the executive branch's forecasts, this too would serve to restrain the size of appropriations. The joint committee called for by S. 537 would certainly be helpful in this process.

(4) One of the most difficult problems in budgeting derives from the new program whose first year cost is nominal but whose costs in later years may tend to increase in geometrical proportion. Without utilizing invidious examples, I am certain every member of this committee has seen instances in which this type of growth has occurred and where the argument has later been made that attempts to hold the program level would merely result in "wasting" the earlier expenditures. I am convinced that in reviewing both continuing and new programs Congress must have the staff and facilities for independently projecting the long range consequences and likely future cost of such programs and I believe passage of S. 537 would contribute to this objective.

I have one suggestion to make for amendment of the language of the draft bill. The proposed section 138(i) would give professional and technical employees of the Joint Committee, upon the written authority of the chairman or the vice-chairman, the right to examine certain data available in the executive branch. As members of this committee will appreciate, Presidents through the years have been extremely reluctant to make available outside the executive branch all the documentary materials reflecting the nature of advice given to them by their subordinates. Furthermore, the draft language may go even a bit further than intended, since it would seem to suggest at least the possibility of examination of the funding requirements of the Central Intelligence Agency, which hitherto Congress has preferred to review in another fashion. Because I believe so strongly in the philosophy upon which S. 537 is grounded and in the eminent desirability of establishing the proposed Joint Committee, I would very much hope that the bill would not be encumbered with language in one of its parts which might needlessly jeopardize the whole. Utilization of language comparable to that in the proposed paragraph 138(1), which would give the Joint Committee the right to make investigations and reports with respect to any agency, might well represent a suitable alternative.

With this reservation, I strongly support the language of S. 537 and urge its enactment.

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OFFICE OF THE SECRETARY OF THE TREASURY,  
Washington, D.C., March 19, 1963.

Mr. WALTER L. REYNOLDS,  
Chief Clerk and Staff Director, Committee on Government Operations, U.S.  
Senate, Washington, D.C.

DEAR WALTER: In response to the suggestion in your letter of March 4, I herewith enclose two copies of a statement in support of S. 537 for inclusion in the hearings your are holding on that bill.

With best wishes,  
Sincerely,

ROBERT A. WALLACE,  
Assistant to the Secretary.

STATEMENT OF ROBERT ASH WALLACE ON S. 537, A BILL TO CREATE A JOINT  
COMMITTEE ON THE BUDGET

Mr. Chairman, I am pleased to present the following statement in support of S. 537, a bill to create a Joint Committee on the Budget. The statement has drawn heavily on my book Congressional Control of Federal Spending (Wayne

State University Press; Detroit, 1960) so I have therefore omitted reference notes.

The statement represents only my own personal views.

#### II. THE CURRENT CONGRESSIONAL ROLE

The complexity of the Federal fiscal process has for years posed an alluring challenge to students of political science. By and large they have met it with considerable success but especially vexing problems remain in the area of budget authorizations—the congressional consideration and enactment of the various appropriation bills. One difficulty has been in the divergent opinions over what is the proper role of Congress in the spending process. This statement assumes that since Congress holds the constitutional power over spending, it ought to control spending. By control is meant the exercise of power on the basis of relatively predictable results. To put it another way, Congress ought to resolve spending issues with a maximum possible degree of knowledge and understanding about the probable consequence of its actions.

Congress does not now have access to nearly as much analytical data about the budget as does the Executive. Although there is probably a point beyond which additional information does not help to predict consequences of action, Congress has not yet reached that point. The present disparity between its information resources and those of the Executive means that effective control (using effective as it is in economics when one employs the term "effective" demand, that is, control in fact) is held in the hands of those who possess detailed information with respect to the various administrative needs and the adequacy of this or that amount of money for carrying out a particular program. Even the Bureau of the Budget, which can acquire more information on programs for expenditures than any other governmental body, possesses insufficient staff to assemble and analyze the data necessary to exert complete control except in terms of lump sums; rather the detailed determination of expenditures is highly decentralized, resting somewhere among the more than 5 million human beings on the Federal payroll in the some 2,000 component units of the Federal Government.

Confronted with the magnitude of the budget facing Congress and aware of administrative difficulties caused by congressional interference, many scholars recommend that the legislators concern themselves only with the broad policy aspects of money issues and leave details up to the Executive. The difficulty with this conceptual relationship between the executive and legislative branches in dealing with appropriations may quickly be seen when we try to draw a distinction between substantive policy and technical details, or separate law-making and law-executing. In Luther Gulick's phrase, the governing process is a "seamless web of discretion and action." Moreover, Congress employs the annual appropriations process not only to authorize expenditures but also to review existing legislative policies.

How can the President be responsible for the execution of the laws if Congress interferes? Certainly Congress should not interfere with the execution of the laws except by exercising its legislative or appropriations power. When Congress does enact measures harmful to the details of administration, the President can hold a press conference and demand appropriate action, or he can privately threaten or cajole Congressmen with his patronage power.

The idea that Congress should avoid administrative detail is wishful thinking. It has the constitutional power to affect details and experience has shown that it will exercise it. This being the case, the individual members, functioning both as members of committees and as units of the whole Congress, should have access to more information and analytical data in order to ascertain better the consequences of their actions. This is the aim of S. 513.

#### II. TECHNIQUES OF CONGRESSIONAL CONTROL

Subcommittee hearings develop information about particular expenditures and programs, but the witnesses almost invariably represent agencies defending the budget requests or individuals and pressure groups demanding larger expenditures. For example, the 1952 House subcommittee hearings on the civil functions of the Army appropriations bill (rivers and harbors, and flood control) consisted of some 500 pages of testimony of Army representatives with another 910 pages necessary to contain all the testimony of 110 Members of Congress from 35 States,

and 300 organizations or individuals who wanted appropriations for projects in their areas. While hearings are helpful to Congress and to the subcommittees in gathering information, suggestions for cuts usually face a barrage of arguments gathered by men who have been in constant touch with the budget process, and who have access to those particular facts which will back them up.

Hearings are not the only source of data available to Congress. As a matter of fact, the information and facilities available to Members of Congress would astound the unsophisticated. Besides the hearings, these include the budget document, justification sheets, sideslips (committee staff memoranda), committee reports, agency reports, special studies, and published articles in the press and current periodicals. The agencies treat congressional requests for data or assistance with top priority. Committee and personal staffs assist Members with advice, analyses, and the processing of constituents' requests. In short, the Member of Congress can carry out his tasks with adequate assistance in most areas, but there are notable exceptions. Among these is that of the gathering, analysis, and organization of factual data necessary for rendering his independent judgment and offering and defending proposals dealing with money requests. The reasons for this lack lie not so much with the Member's general facilities, as with the nature and scope of spending matters and the lack of specific facilities for dealing with them.

Serious questions naturally arise over the fact that Congress lacks the facilities for controlling appropriations. The problem goes beyond lack of control over expenditures, however, because the absence of facilities does not lead Congress to abandon its attempts to control. Such efforts continue to be made but they often necessarily involve a grave lack of proper knowledge of their consequences and play havoc with the existing degree of order and effectiveness of the agencies' operations. The numerous techniques used by Congress to control spending defy listing. We can classify them as to their general characteristics, however.

(1) *Appealing to legislative conservatism: appeals to precedent, resisting proposals to increase or lower expenditures as compared with amounts for previous year.*—Joseph P. Chamberlin has stated that " \* \* \* in a legislature, it is normally up to the proponent of legislation to establish his case \* \* \* in the main such a body is conservative and slow to move, except where a case, already strong, is supported by a preponderant public opinion on the question at issue." This conservative attitude which Congress takes with respect to new legislation operates also in the case of departures from established appropriations schedules. As a result, the agency which requests the same amounts as it has spent in prior years will fare better than one which attempts to expand its operations. Moreover, the same burden of proof is on those persons seeking reductions below prior year appropriations. Congress feels safer in holding the line on appropriations enacted in previous years because of a lack of certainty about the consequences of any changes. A proposal to cut or to increase must attract wide popular support or have firm justification to succeed. Congress, generally, has not the information or the facilities to feel confident of sudden changes, one way or the other.

(2) *Meat-ax cuts: general, across-the-board reductions or arbitrary cuts inflicted to force lower expenditures and more economic operations.*—Members of Congress who try to cut appropriations on individual items usually find themselves blocked by tendencies toward legislative conservatism and also by the avid proponents of the specific programs affected. In order to avoid the onus of singling out individual agencies, many have tried the "meat-ax" method of achieving spending reductions. An "across-the-board" cut, which pares all agency requests by the same percentage, is called a meat ax because it cuts in a straight line across a large area. The term is one of opprobrium because such a reduction hurts both the efficient and the inefficient agencies to the same degree, and necessary programs suffer to the same extent as all others. The term is also applied to any reduction proposed for which the consequences, other than the money reductions are not ascertained.

(3) *Attacks on overhead: reductions aimed at operating overhead while preserving the program, or legislative riders designed to force savings in administrative costs.*—Congressional attacks on administrative overhead expenses represent another common category of cuts. They are popular since, on the record at least, they permit Members to press for economy without seeming to hurt actual programs. In part, this idea rests on the premise that adminis-

tration does not affect the effectiveness of a program, an obviously erroneous notion, although overhead operations do tend to enlarge beyond the point of need because of the natural bias of some administrators who are prone to seek more staff than necessary.

(4) *Legislative standards: use of standards in authorizing legislation in order to ascertain the results of appropriations actions.*—One of the tools developed in Congress for the consideration of funds for construction projects has been development of standards and priorities. These have taken into account the degree of economic justification, national significance, and even local needs. The establishment of standards and priorities can, in some instances, permit Congress to appropriate money in any amounts with the assurance that the highest priority projects will go forward first. This does not prevent exceptions, but the weight of the evidence before Congress as a whole rests with the established standards. To the extent that basic authorizing legislation can set standards which will permit Congress to know precisely the consequences of any appropriations actions it may take in future years, the problem of congressional control disappears. Although the use of such standards is subject to certain limitations, much of the search for methods of better congressional control of spending is actually a search for better methods of establishing adequate legislative standards.

### III. HOW A JOINT COMMITTEE ON THE BUDGET WOULD HELP TO ACHIEVE BETTER CONGRESSIONAL CONTROL

Proposals along the lines of a Joint Congressional Committee on the Budget achieved substance in section 138 of the Legislative Reorganization Act of 1946. It required the revenue and appropriations committees of each House to meet and send to their respective Houses not later than February 15 in each regular session a budget report and concurrent resolution based on the report. Both the report and the resolution were to contain a determination of anticipated revenue totals for the ensuing fiscal year and fix the maximum amounts to be appropriated. If the estimated receipts exceeded the estimated expenditures, the report was to contain a recommendation for a reduction in the public debt. If estimated expenditures exceeded estimated receipts, the resolution was to include a section declaring that it was the sense of Congress that the public debt be increased by a like amount. Congress made half-hearted attempts to comply with these requirements but quickly abandoned the effort. The failure of the system has been ascribed to the unwieldy size of the 102 man committee, unwillingness of Congress to bind itself, and lack of an adequate staff.

Since the failure of section 138, bills providing for a Joint Congressional Committee on the Budget have proposed a more generalized joint committee which, itself, would be relatively unimportant. The real purpose of the proposals is apparently to create a joint committee similar to the Joint Committee on Internal Revenue Taxation, with a staff of 25 or 30 experts to help the Appropriations Committees in their evaluation of budgetary requests. Senator John McClellan implied this in his explanation of a bill of this type which he introduced in 1951. He declared that the Appropriations Committees were "simply not staffed and equipped to adequately examine the budget."

More recently, in 1963, Senator McClellan introduced S. 537, 88th Congress, to create a Joint Committee on the Budget. In a Senate address, he compared such a committee to the Joint Committee on Internal Revenue. "Congress has wisely created a Joint Committee on Internal Revenue Taxation," he said. "That committee has been in operation a number of years. Just think of how much more smoothly and how much more efficiently and how much more cooperatively the two Houses work together in that field."

Thus, the creation of a Joint Committee on the Budget would constitute a positive step toward increasing congressional control of Federal expenditures. It would increase harmony between the House and Senate Appropriations Committees and provide Congress with a group of experts large enough to provide real assistance to its members but not so large as to create a congressional bureaucracy which would be difficult to manage.

The experience with the Joint Committee on Internal Revenue Taxation, with its very able staff and harmonious relationships with both the House and Senate Tax Committees, serves as a valuable precedent in this regard. The enactment of S. 537, therefore, would be a welcome step in enabling Congress to act more effectively in the field of expenditures control.

NATIONAL PLANNING ASSOCIATION,  
Washington, D.C., March 13, 1963.

Hon. JOHN L. McCLELLAN,  
Chairman, Committee on Government Operations,  
U.S. Senate, Washington, D.C.

DEAR SENATOR: I appreciate your sending me, for my comments, the Senate bill 537 with the accompanying report by your committee. I agree with the sponsors of the bill and with your committee that the creation of a joint service committee for examining the Federal budget would be desirable. It would, in my opinion, increase the effectiveness of the staff members now serving separately the Senate and House Appropriations Committees, and would avoid duplication in staff work. The continuing rise in budget expenditures complicates the task for a congressional review of Executive proposals and every step is welcome which would improve the organization of staff work and thereby make the burdens imposed on the members of the Appropriations Committees and on Congress as a whole more manageable.

I especially welcome the emphasis on a longer term review of development and grant-in-aid programs. A joint statement issued by the National Planning Association "The Need for Further Budget Reform" (Planning Pamphlet No. 90, March 1955) emphasizes particularly the need to consider the budget in a longer range perspective and recommends that each budget message should contain a budget outlook covering a number of years. This NPA statement also recommends that the Economic Report of the President should contain an economic projection covering the same number of years so that the economic and the budget projections combined might demonstrate the changes in expenditures, revenue, and debt policy which would be needed to meet the Government's responsibility under the Employment Act and to promote a better balance in the economy. I think it would be desirable if the proposed Joint Committee on the Budget would receive the views of the Joint Economic Committee for an economic evaluation of proposed budget policies.

I was also glad to see in your bill the provision that qualified members of the staff of the Budget Bureau shall, at the request of the Appropriations Committees, have an opportunity to explain the content and basis for appropriation proposals. Actually, I believe that the creation of a high-caliber staff under a Joint Committee on the Budget would facilitate the cooperation between the executive and legislative branches of Government in budget matters. I believe the experience with the Joint Committee on Internal Revenue Taxation bears out this hope.

Sincerely yours,

GERHARD COLM

AMERICAN SECURITY AND TRUST CO.  
Washington D.C. March 13, 1963.

Hon. JOHN L. McCLELLAN,  
Chairman, Committee on Government Operations,  
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: Your letter of March 5, regarding S. 537, providing for the creation of a Joint Committee on the Budget and asking me to appear before your committee on March 19 or 20, has been forwarded to me here at Pompano Beach, Fla. I am not planning on returning to Washington before the middle of April, so will not be available to appear on these dates. Besides, you realize that it has been 24 years since I was Director of the Budget, and in view of the growth of the Government and changes made in the approach to budget matters since then, I question whether I could add anything to what the more recent Directors have submitted.

However, I believe your bill is a step in the right direction. In the latter part of my administration as Director, I saw that the Congress was appropriating public money willy-nilly, it seemed to me, without regard to the potential revenues under the then existing tax laws. As a matter of fact, the Congress gave little or no attention to the revenue end of the budget as a whole. I believe it is fair to say that that attitude has not improved. In order to get the Congress conscious of its responsibility, I conferred with the then chairman of the Ways and Means Committee and of the Appropriation Committee of the House, suggesting that there be a joint meeting of the four committees primarily concerned with the budget, viz: Senate Finance, Ways and Means, and the Appropriation Committees of the two Houses. I told them that I would gladly

be the first guinea pig to explain the administration policies behind the budget and to answer any question I could about the estimates, both appropriations and revenues, and to supply all information they might need to formulate an overall policy for the guidance of the Congress and their several committees. I thought this would be a congressional policy Committee on the Budget as a whole, not only those recommendations contained in the official budget document but any subsequent submissions, or any bill, introduced by individual members of Congress involving expenditures of public funds. I believe that this committee should report to the Congress early in the session and before any appropriation bills are considered by it and ask for approval of its findings and recommendations. It was my thought that this report should contain a recommendation for an overall limitation on total appropriations for that budget year (much more important than the present limitation on the public debt), and indication as to whether it feels the revenue estimates are reasonably in line with economic expectations and, if a deficit is indicated, whether that deficit should be financed or eliminated by (1) a reduction in contemplated expenditures, (2) an increase in taxes, (3) an increase in the public debt, or (4) a combination of these three. If by chance there should be a surplus, the policy should be decided as to whether it should be used to retire some of the public debt or to reduce the tax burden, or some of both. Such a report from the combined efforts of the four committees most concerned with the financial soundness of the Government and approved by the Congress early in each session would be a mandate to every committee considering bills which eventually involve an expenditure of public funds. It would to some degree help to eliminate the force of pressure groups. It would let the business community know where the Congress stands and would, I hope, keep the budget from becoming a political football as it has during the past several years.

I might add that the two chairmen of the committees named indicated that these were good ideas and I waited for their call, but none ever came.

Without having given a great deal of thought to the matter since then, I do not now see any reason for changing those views expressed 24 years ago, although I realize that the budget picture has been considerably altered in the meantime. By this assertion, I do not mean to criticize the approach to the problem outlined in your bill. It might be just as effective and, as I said at the outset, it is a step in the right direction.

I hope these random thoughts on the subject of your bill, made many years before the budget covered everything from the womb to the tomb, will be of some assistance to your committee.

With best wishes for success in your worthwhile undertaking, I am

Sincerely yours,

DANIEL W. BELL.<sup>1</sup>

NATIONAL TAXPAYERS CONFERENCE,  
Trenton, N.J., March 20, 1963.

Hon. JOHN L. McCLELLAN,  
Chairman, Committee on Government Operations,  
U.S. Senate, Washington, D.C.

DEAR SENATOR McCLELLAN: Many of the statewide citizen-research organizations comprising the National Taxpayers Conference have for years strongly supported proposals to improve and strengthen the budgetary control procedures and facilities of the Congress. Now, in lieu of separate statements, these organizations are availing themselves of the offices of the conference to express herein their common interest in and support of the purposes expressed in S. 537, introduced by you and cosponsored by more than three-fourths of the Members of the U.S. Senate.

Accordingly, as chairman of the National Taxpayers Conference, I am authorized to request that this statement, representing the views of the organizations listed below, be included in the record of the committee's hearings on this measure.

<sup>1</sup> Served in various capacities in the Department of the Treasury from 1911-35. Made assistant to the Secretary of the Treasury on financial and accounting matters March 1935 to January 1940. Acting Director of the Bureau of the Budget 1934-39. Under Secretary of the Treasury, Jan. 18, 1940, to Dec. 31, 1945. Elected president of the American Security & Trust Co. Retired as chairman of the board June 1962. Now one of directors of the bank.

The interest of these State taxpayers associations in this measure grows out of their strong conviction, of many years standing, that present congressional budgetary procedures and facilities are woefully inadequate, with the result that the Congress has in large measure lost annual control over Federal expenditures.

There have been 28 Federal deficits over the past 33 years. The recently submitted fiscal 1964 budget moves our Nation into the \$100 billion spending range, while another deficit of \$12 billion, or more, is in prospect. Congress and the taxpayers can no longer afford the luxury of inadequate and outmoded fiscal procedures and facilities—of acting on \$100 billion budgets with practically the same tools in use when budgets were less than \$5 billion.

In short, it is time to call a halt; to insist that the Congress arm itself with improved facilities and procedures, sufficient to the tremendous tasks posed by \$100 billion budgets. The organizations listed below, while recognizing it is no cure-all for the Nation's ills, support S. 537 as a step toward this vital objective. In particular, they believe that the permanent expert, technical, objective staff facility which this measure would provide could prove valuable, both to the Appropriations Committees and to the Congress as a whole and represents an important phase of the improvement needed to restore congressional control over the national purse.

Sincerely yours,

CARLTON W. TILLINGHAST,  
*Chairman, National Taxpayers Conference.*

For the following 30 organizations:

Arizona Tax Research Association.  
California Taxpayers Association.  
Colorado Public Expenditure Council.  
Connecticut Public Expenditure Council, Inc.  
Florida Taxpayers Association, Inc.  
Georgia Tax Research Foundation, Inc.  
Tax Foundation of Hawaii.  
Associated Taxpayers of Idaho, Inc.  
Taxpayers Federation of Illinois.  
Iowa Taxpayers Association.  
Massachusetts Federation of Taxpayers Associations, Inc.  
Minnesota Taxpayers Association.  
Missouri Public Expenditure Survey, Inc.  
Montana Taxpayers Association.  
Nebraska Tax Research Council, Inc.  
Nevada Taxpayers Association.  
New Hampshire Taxpayers Federation.  
New Jersey Taxpayers Association, Inc.  
The Taxpayers Association of New Mexico.  
North Carolina Citizens Association, Inc.  
North Dakota Taxpayers Association, Inc.  
Ohio Public Expenditure Council.  
Oklahoma Public Expenditures Council.  
Oregon Tax Research.  
Greater South Dakota Association.  
Tennessee Taxpayers Association, Inc.  
Utah Taxpayers Association.  
Washington State Research Council.  
Public Expenditures Survey of Wisconsin.  
Wyoming Taxpayers Association.

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COMMITTEE OF HOOVER COMMISSION TASK FORCE MEMBERS,  
*Washington, D.C., March 15, 1963.*

Hon. JOHN L. McCLELLAN,  
*Chairman, Committee on Government Operations,  
Senate Office Building, Washington, D.C.*

DEAR SENATOR McCLELLAN: S. 537, introduced by you and cosponsored by 75 other Senators, proposing the creation of a Joint Committee on the Budget, deserves the thoughtful support of every citizen who believes in sound fiscal policy and in responsible government.

The Committee of Hoover Commission Task Force Members, of which I am privileged to serve as chairman, was encouraged to note that your report on such legislation in the last Congress stated:

"Its provisions are broad enough to fully effectuate all of the recommendations of the Hoover Commission by utilization of the authority vested in the proposed Joint Committee on the Budget, with the further advantage of retaining complete legislative control over the submission of annual budget requests on any basis desired, and over all appropriations and the expenditures of Federal funds based upon complete data developed by competent staff."

It is my understanding that the Joint Committee would consider the budget as a whole and in terms of the over all financial condition of the Government. It is inconceivable that no congressional committee does this at present. Surely, such a joint committee, staffed with permanent, full-time, nonpolitical experts studying all the proposed expenditures in relation to anticipated revenues, could provide each Member of Congress with the most efficient evaluations and considerations upon which to base his vote on appropriation measures.

In these days of rising Federal expenditures, conflicting appraisals of what is needed and mounting deficits, the creation of a Joint Committee on the Budget would be encouraging to taxpayers as a positive step toward improvement of congressional surveillance over expenditure of public funds with resulting elimination of duplication, waste, and excessive appropriations.

Very cordially yours,

CHARLES R. HOOK.

CONCORD, N.H., March 5, 1963.

Senator THOMAS J. MCINTYRE,  
Senate Office Building,  
Washington, D.C.

We are still of the opinion first expressed in 1951 that a Joint Congressional Committee on the Budget is necessary for proper investigation and analysis of Federal budgets in the interest of efficiency and economy.

NEW HAMPSHIRE TAX PAYERS FEDERATION,  
BARRY T. MINES, Executive Vice President.

Senator PELL. I request the clerk of the committee to have inserted in the record at the end of these hearings of the staff study similar to that suggestion proposed by Mr. Wilmerding.

Senator MUNDT. It will be very useful, very constructive.

Mr. REYNOLDS. We have done that on two different occasions.

Senator MUNDT. I know that, but let's update it in view of what happened last year.

(The following communication from Representative Robert McClosky, subsequent to the close of the hearing, is inserted in the record at this point by direction of the chairman.)

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 22, 1963.

Hon. JOHN L. McCLELLAN,  
Chairman, Senate Committee on Government Operations,  
Senate Office Building, Washington, D.C.

DEAR SENATOR McCLELLAN: In reviewing the testimony of Professor Wilmerding in connection with S. 537, I noted an extensive reference to the Constitutional Convention of 1789.

My impression of the Convention proceedings does not correspond entirely with that of Professor Wilmerding, although my only source of information has been a volume entitled "The Making of the Constitution," by Charles Warren.

I am enclosing a memorandum on this subject which I prepared containing excerpts from Mr. Warren's book and purporting to refer to the Constitutional Convention proceedings. This material may be helpful in our common effort to resolve any differences toward establishment of a workable Joint Legislative Committee on the Budget.

Please call on me if I can be of any further service in connection with this legislation.

Sincerely yours,

ROBERT McCLOSKY, Member of Congress.

One of the main areas of controversy in the making of our Federal Constitution was that with respect to originating appropriation and revenue bills. This issue formed part of what was termed, "The Great Compromise." Indeed, the compromise recommended by a special committee of the Convention delegates provided that the House of Representatives should have the exclusive right to originate money bills with no authority in the Senate to revise or alter them.

The account of this controversy is summarized in Charles Warren's work in "The Making of the Constitution," as follows:

[Thursday, July 5, 1787, in Convention]

#### REPORT OF THE COMPROMISE

On this day, Elbridge Gerry brought into the Convention the report of the committee appointed on July 2. As hoped for, it contained the grounds of a compromise, founded on a motion made in the committee by Dr. Franklin, who, as usual, took this opportunity to employ his conciliatory methods. It recommended three propositions—(a) that in the first branch of the Legislature, there should be 1 Representative for every 40,000 inhabitants; (b) that this first branch should have the power to originate all bills for raising or appropriating money and for fixing salaries, not to be altered or amended by the second branch; (c) that in the second branch, each State should have an equal vote.

As Madison states, this compromise was regarded as a victory by the smaller States. \* \* \* Ellsworth, Gerry, and Mason—one from a small State and two from the large States—urged acceptance of the compromise, though each had objections to parts of it. Unless a compromise should take place, they said, a secession would occur; and if "we do not come to some agreement among ourselves, some foreign sword will probably do the work for us." \* \* \* Paterson, however, thought that the report yielded too much to the large States and stated his intention to vote against it. The three great nationalists—Wilson, Madison, and G. Morris—also opposed the compromise report. Madison stated that if he must have the option between justice and gratifying the majority of the people, or conciliating the smaller States, he must choose the former. "It was in vain to purchase concord in the Convention on terms which would perpetuate discord among their constituents." \* \* \* G. Morris also thought the whole theory of the compromise report to be wrong. He said that: "He came here as a representative of America; he flattered himself that he came here in some degree as a representative of the whole human race; for the whole human race will be affected by the proceedings of this Convention. He wished gentlemen to extend their views beyond the present moment of time, beyond the various limits of peace, from which they derive their political origin." We are not here, he said, "to truck and bargain for our particular States. \* \* \* State attachements and State importance have been the bane of this country. \* \* \* He wished our ideas to be enlarged to the true interest of man, instead of being circumscribed within the narrow compass of a particular spot." These views he repeated, later saying that: "It had been early said by Mr. Gerry that the new Government would be partly national, partly federal; that it ought in the first quality to protect individuals; in the second, the State. But in what quality was it to protect the aggregate interests of the whole? Among the many provisions which had been urged, he had seen none for supporting the dignity and splendor of the American empire. It had been one of our greatest misfortunes that the great views of the Nation had been sacrificed constantly to local views." And again, he said, that though "the States had many representatives on the floor \* \* \* he feared few were to be deemed the representatives of America."

[Friday, July 6, 1787, in Convention]

#### POWER TO ORIGINATE MONEY BILLS

The Convention, at the outset, referred to a special committee that part of the report of the Compromise Committee, which fixed the ratio of votes in the House at 1 Member for every 40,000 inhabitants. It then proceeded to consider the second portion of the proposed compromise, giving to the House the exclusive right to originate bills for raising or appropriating money. A curious mixture of views appeared with reference to this. The proposal had apparently originated with Gerry. As early as June 13, he had moved to restrain the senatorial branch from originating money bills, saying that: "The other branch was more

immediately the representative of the people, and it was a maxim that the people ought to hold the purse strings." Gerry's proposal was in accord with the provisions of most of the State constitutions, viz, those of Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, South Carolina, and Virginia, in which power to originate money bills lay exclusively in the lower branch of the legislature (though Delaware, Massachusetts, and New Hampshire allowed its senate to alter or amend). Hugh Williamson of North Carolina had favored the proposal, as "it will oblige some Member in the lower branch to move, and people can then mark him." Pierce Butler of South Carolina had said that he saw no reason for such a discrimination; that though it was borrowed from the British Constitution, there was no analogy between the Senate and the House of Lords; and he had then made two curious arguments against it—prophecies, one of which was never fulfilled, but the other of which showed foresight of a practice which has been frequently indulged in by the House. "If the Senate shall be degraded," he said, "by any such discriminations, the best men would be apt to decline serving in it, in favor of the other branch;" and, he continued, "it will lead the latter into the practice of tacking other clauses to money bills."

King and Madison had concurred in opposing, saying that "as the Senate would be generally a more capable set of men, it would be wrong to disable them" in this way; and that the proposal if adopted must be extended to amending as well as to originating money bills. Sherman had said that as the Senate would bear their share of the taxes, they would also be representatives of the people; and that the right of both branches to originate money bills had prevailed in Connecticut and had been found to be "safe and convenient." General Pinckney had said that Gerry's proposed system prevailed in South Carolina, "and has been a source of pernicious disputes between the two branches; moreover, it was evaded by the Senate's handing amendments, informally, to the House." Gerry's motion receiving little support had been rejected, only New York, Delaware, and Virginia voting for it. This action by the Convention had shown clearly that they regarded the new Senate which they were about to constitute as a legislative body of an entirely different nature from the Senates under the State constitutions; for unless this was so, it is unlikely that the Convention would have failed to follow the provisions of those constitutions.

When the delegates, on this July 6, took up this part of the compromise, they appeared to be split into five distinct factions: (a) those delegates from the smaller States who opposed taking this power from the Senate in any event; (b) those from the smaller States who, though opposed, were willing to vote for it as a concession or compromise; (c) those from the larger States who regarded it as an essential right to be possessed by the House since that body as the immediate representatives of the people ought to have control of the people's money, and since the large States would probably have a majority in the House; (d) those from the larger States who regarded the right as of no consequence and hence as constituting no concession whatever on the part of the smaller States; (e) those from the larger States who regarded the deprivation of the Senate of this right as fundamentally wrong in theory, and likely to be a dangerous source of dispute between the two branches. The delegates comprising (b) and (c) were willing to vote for this provision; those comprising (a), (d), and (e) were opposed to it. This part of the compromise was debated on July 5; and it was the first to be adopted, on July 6, by a vote of five States to three (Pennsylvania, Virginia, and South Carolina voting against it, and Massachusetts, New York, and Georgia being divided). It was carried, therefore, by North Carolina voting with the smaller States of Connecticut, New Jersey, Delaware, and Maryland. Reconsideration of this vote was had on July 14, but on July 16, the whole compromise, including this provision as to money bills, was accepted (as hereafter described) by five States to four, with Massachusetts divided—North Carolina again joining with the smaller States.

Senator PELL. At this point I will close the hearing on S. 537. In accordance with committee policy, any further statements or letters, received relative to the proposed legislation will also be inserted in the record.

(Whereupon, at 12:03 p.m., the committee adjourned.)

## APPENDIX

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

APRIL 3, 1963.

Staff Memorandum No. 88-1-27.

Subject: Authority of the Senate to originate appropriation bills.

During the hearings on S. 537, to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States, held on March 20, 1963, reference was made to the position of some Members of the House of Representatives that this bill, which would establish a Joint Committee on the Budget, might in some manner, infringe on alleged constitutional prerogatives of the House of Representatives to originate appropriation bills. Taking note of this issue, the Chairman directed the staff to prepare a summary and analysis of the debates and actions of the Constitutional Convention of 1787, with particular reference to the authority of the Senate to originate appropriation measures.

Since the birth of the Republic, a controversy has existed as to whether Article I, Section 7, Clause 1 of the Constitution of the United States vested in the House of Representatives the exclusive authority to originate appropriation measures.

Article I, Section 7, Clause 1 provides:

All bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

Although no mention is made of appropriations in this clause, the House of Representatives has, during the entire course of the history of the Nation, frequently asserted the position that this clause conferred upon it the exclusive authority to originate appropriation measures. The Senate has, from time to time, contested this position, contending that it has equal authority to originate such bills. However, for the most part, the Senate has acquiesced in the position of the House and, as a matter of practice and procedure, all appropriation measures do originate in the House of Representatives. This, however, is a matter of practice and not of constitutional right.

At this point, it may be stated unequivocally that there is nothing either in the language of the Constitution or in the debates of the delegates to the Constitutional Convention of 1787 which, in any way, lends support to the position of the House. On the contrary, the evidence is abundantly clear that various attempts in the Constitutional Convention to vest in the House of Representatives the exclusive authority to originate appropriation bills were defeated on several occasions, following extensive debate and discussion.

This position is supported conclusively by a statement of George Mason, delegate from Virginia, author of the Virginia Declaration of Rights, member of the Continental Congress, and one of the three men who refused to sign the completed Constitution. Mason, who participated actively in the debates, having spoken 136 times, was unalterably opposed to vesting any authority over either revenue or appropriation measures in the Senate. In assigning his reasons for refusing to sign the Constitution, he said, "The Senate have the power of altering all money-bills, and of originating appropriations of money \* \* \* although they are not representatives of the people or amenable to them."<sup>1</sup>

Supporting data will be found in the debates and actions of the Constitutional Convention, as reported by James Madison and reprinted in (1) Elliott, *Debates on the Adoption of the Federal Constitution*, (Rev. Ed., Phila., 1861) Vol. 5; (2) Farrand, *The Records of the Federal Convention of 1787*, (New Haven, 1911), Vols. I, II and III; (3) *Documents Illustrative of the Formation of the American States*, H. Doc. 398, 69th Cong. (1927); and the following materials, all of which have been carefully analyzed: A report of the House Committee on the Judiciary entitled, *Power of the Senate to Originate Appropriation Bills* (H. Rept. 147, 46th Cong., 3d Sess., 1881); a comprehensive article, entitled, *History of the Formation of the Constitution* by John A. Kasson, President of the Constitutional Centennial Commission, contained in the *History of the Celebration of the One Hundredth Anniversary of the Promulgation of the Constitution of the United States* (Philadelphia, 1889) Vol. I; W. W. Willoughby, *The Constitutional Law of the United States* (second edition, 1929), Vol. II; a memorandum submitted by Representative Robert McClory, based upon Charles Warren, *The Making of the Constitution* (Boston, 1937); a monograph, entitled, *Creation of the Senate*, published as S. Doc. 45, 75th Congress; and the testimony of Mr. Lucius Wilmerding, authority on the Federal spending power. See also Selko, *The Federal Financial System* (Brookings Institution, 1940). The report of the House Committee was published in the *Congressional Record*, daily edition, July 9, 1962, pp. 12016, ff, and was also inserted in the appendix to the record of the Hearings on S. 537 as exhibit 1. The pertinent portion of the publication of the Constitutional Centennial Commission is attached hereto as exhibit 2. The materials submitted by Representative McClory and Mr. Wilmerding are found in the Hearings on S. 537.

The balance of this memorandum will be devoted to a discussion of the arguments of the House of Representatives and evidence refuting these arguments, as contained in the *Madison Journal* and the other materials referred to above.

#### POSITION OF THE HOUSE OF REPRESENTATIVES<sup>2</sup>

The position of the House of Representatives appears to be based upon (1) the practice of the English Parliament at the time of the adoption of the Constitution, under which the lower House, the House

<sup>1</sup> Elliott, *Debates on the Federal Constitution*, (2nd ed., Phila., 1861) Vol. I, p. 494; Ford, ed., *Pamphlets on the Constitution of the United States*, New York, 1888, p. 329.

<sup>2</sup> See, Williams, *The Supply Bills*, S. Doc. 872, 62nd Cong., 1st Sess., 1912; Report of the House Committee on the Judiciary, *Minority Views*, H. Rept. 147, 46th Cong., 3d Sess., 1881; Luce, *Legislative Problems*, Boston, 1935, pp. 391, ff.

of Commons, exercised full and complete control over all money bills, both appropriation and revenue-raising or tax bills; (2) the terminology of the period, under which the terms "money bills" and "bills for raising revenue" allegedly referred to and included appropriation bills; and (3) the alleged intention of the Constitutional Convention to retain authority over *all* financial matters in the House closest to the people.

#### DEBATES AND ACTIONS OF THE CONSTITUTIONAL CONVENTION OF 1787

Analysis of the debates of the Constitutional Convention clearly refutes the position of the House of Representatives. An authoritative account and analysis of these debates, with special reference to the right of the Senate to originate appropriations, is found in an article, entitled, *History of the Formation of the Constitution*, published in a two-volume work, entitled, *History of the Celebration of the One Hundredth Anniversary of the Promulgation of the Constitution of the United States*, under the direction and authority of the Constitutional Centennial Commission in 1889, and referred to above.

The article in question was written by former Representative John A. Kasson, President of the Constitutional Centennial Commission, and a distinguished lawyer and scholar, who served six terms as a Member of the House of Representatives from Iowa. In addition, Mr. Kasson served as First Assistant Postmaster General in President Lincoln's cabinet, as United States Minister to Austria-Hungary and Germany, and as United States member and representative at numerous international conferences and commission negotiations.

In a section of his article entitled *The Legislative Right to Originate Money Bills* (pp. 101-105), reprinted in full as exhibit 2 of this memorandum, Mr. Kasson reviewed the debates, discussions and votes of the delegates to the Convention, and demonstrated conclusively (1) that the delegates considered and rejected the practice of the English Parliament; (2) that they were fully aware of the distinction between revenue bills and appropriation bills; (3) that they refused to extend the exclusive power of the House of Representatives beyond bills to raise revenue; and (4) that they deliberately and expressly voted to vest in the Senate equal authority with the House over appropriation measures.

In the scheme of government, as originally approved in the Committee of the Whole, equal power to originate legislation was given to the two Houses of Congress by unanimous consent. On June 13, during consideration of the Virginia Resolutions, Gerry moved to insert the words, "except money bills, which shall originate in the first branch of the national legislature." Butler saw no reason for such discrimination: "We were always following the British Constitution, when the reason for it did not apply. There was no analogy between the House of Lords and the body (Senate) proposed to be established. If the Senate should be degraded by any such discriminations, the best men would be apt to decline serving in it in favor of the other branch." Madison observed "that the Commentators on the British Constitution had not yet agreed on the reason of the restriction on the House of Lords in money bills. Certain it was there could be no similar reason in the case before us. The Senate would be the representatives of the people as well as the first branch. If they should

have any dangerous influence over it, they would easily prevail on some member of the latter to originate the bill they wished to be passed. As the Senate would be generally a more capable set of men, it would be wrong to disable them from any preparation of the business, especially of that which was most important, and in our republic, worse prepared than any other." He concluded that if the proposal was to be advocated at all, it must be extended to amending as well as originating money bills. Sherman stated, "We establish two branches in order to get more wisdom, which is particularly needed in the finance business. The Senate bear their share of the taxes, and are also the representatives of the people." Pinckney said, "This distinction prevails in South Carolina, and has been a source of pernicious disputes between the two branches." The motion was then defeated by a vote of 7 to 3, and *both Houses retained equal rights in all legislation.*

Subsequently, during the debate on equality of State representation in the two Houses, it was urged by delegates from the larger States that questions of revenue ought to be determined by a proportional representation, otherwise, a minority of population, represented by a majority of States, might impose burdens on the majority of both wealth and population. This led to an offer by the small States that "all bills for raising or appropriating money \* \* \* shall originate in the first branch of the legislature, and shall not be altered or amended by the second branch; and that no money shall be drawn from the public treasury but in pursuance of appropriations to be originated in the first branch." This offer was conditioned upon the acceptance of an equal vote in the Senate; and a committee, of which Gerry was chairman, so reported the plan on July 5. This plan was opposed by Madison, Gouverneur Morris and Wilson, but the clause was adopted on July 6, by a vote of 5 to 3, with the understanding that it was still an open question. On July 16, following debate on the compromise as a whole, which included other matters, the plan was carried by a vote of 5 to 4, with the understanding that it was still an open question, and it went to the Committee of Detail, still unsupported by a majority of the States.

In its report on August 6, the Committee of Detail provided that "All bills for raising or appropriating money, and for fixing the salaries of the officers of Government, shall originate in the House of Representatives, and shall not be altered or amended by the Senate. No money shall be drawn from the Public Treasury, but in pursuance of appropriations that shall originate in the House of Representatives." In another section of the report, it was provided that "Each House shall possess the right of originating bills, except in the cases aforementioned."

When the Convention took this section up for debate, on August 8, Pinckney moved to strike it out, on the ground that it gave no advantage to the House of Representatives, and "if the Senate can be trusted with the many great powers proposed, it surely may be trusted with that of originating money bills." Gouverneur Morris said, "It is particularly proper that the Senate shall have the right of originating money bills. They will sit constantly, will consist of a smaller number, and will be able to prepare such bills with due correctness; and so as to prevent delay of business in the other House." Mason op-

posed Pinckney's motion to strike out the section stating that the purse strings should never be put into the hands of the Senate. Mercer thought that without this power the equality of votes in the Senate was rendered of no consequence. Madison also favored the motion, thinking the power to be of no consequence to the House and likely to involve the two branches in "injurious altercations." Mason, Butler, and Ellsworth opposed the motion, on the ground that it would add to the already too great powers of a Senate and promote an aristocracy. Thereafter, the Convention proceeded to vote to strike out the clause which vested exclusive power over revenue and appropriations in the House by a vote of 7 to 4.

On August 9, Randolph gave notice that he would move to reconsider this vote, stating that he thought it was not only "extremely objectionable", but also "as endangering the success of the plan". The plan he referred to was a part of the so-called Great Compromise of July 16, under which the right of the House to originate all revenue bills had been given as a concession to the large States in return for equality of representation in the Senate for the small States.

Williamson said that his State of North Carolina "had agreed to equality in the Senate, merely in consideration that money bills should be confined to the other House, and he was surprised to see the smaller States forsaking the condition on which they had received their equality." Mason said that unless this power should be restored to the House, "he should, not from obstinacy, but from duty and conscience, oppose throughout the equality of representation in the Senate." Gouverneur Morris, on the other hand, considered the section relating to money bills as "intrinsically bad"; and Wilson said that the two large States of Pennsylvania and Virginia had uniformly voted against it.

On August 11, on a motion to reconsider the vote striking out the money bill clause, Randolph made an elaborate speech in support of vesting the power over money bills in the House. It will make the plan "more acceptable to the people because they will consider the Senate as the more aristocratic body and will expect the usual guards against its influence be provided according to the example in Great Britain." He thought also that the restraint of the Senate from amending was of particular importance, and he proposed to limit the exclusive power to "bills for the purpose of revenue", to obviate objection to the term "raising money", which might happen incidentally, not allowing the Senate by amendment to either increase or diminish the same. Reconsideration was agreed to by a vote of 9 to 1.

On reconsideration, Randolph's motion, made on August 13, was in the following words: "Bills for raising money for the purpose of revenue, or for appropriating the same, shall originate in the House of Representatives; and shall not be so amended or altered by the Senate as to increase or diminish the sum to be raised, or change the mode of levying it, or the objects of its appropriation."

This motion led to a heated debate. Mason supported Randolph fully. It was opposed, however, by Wilson, who said, "it would be a source of perpetual contentions where there was no mediator to decide them. The President here could not, like the executive in England, interpose by a prorogation or dissolution. This restriction had been found pregnant with altercation in every State where the Constitution

(State) had established it. The House of Representatives will insert other things in money bills, and by making them conditions of each other, destroy the deliberate liberty of the Senate. \* \* \* With regard to the purse strings (referred to by Mason), it was to be observed that the purse was to have two strings, one of which was in the hands of the House of Representatives, the other in those of the Senate. Both Houses must concur in untying, and of what importance could it be which untied first, which last. He could not conceive it to be any objection to the Senate's preparing the bills, that they would have leisure for that purpose and would be in the habits of business (referring again to Mason's remarks). War, Commerce, and Revenue were the great objects of the General Government. All of them are connected with money. The restriction in favor of the House of Representatives would exclude the Senate from originating any important bills whatever."

Gerry stated that "taxation and representation are strongly associated in the minds of the people, and they will not agree that any but their immediate representatives shall meddle with their purses. In short the acceptance of the plan will inevitably fail, if the Senate be not restrained from originating Money Bills." Madison thought that if Randolph's substitute is to be adopted "it would be proper to allow the Senate at least so to amend as to diminish the sum to be raised. Why should they be restrained from checking the extravagance of the other House. One of the greatest evils incident to Republican Government was the spirit of contention and faction. The proposed substitute, which in some respects lessened the objections against the section, had a contrary effect with respect to this particular. It laid a foundation for new difficulties and disputes between the two Houses. The word 'revenue' was ambiguous. In many acts, particularly in the regulation of trade, the object would be two-fold. The raising of revenue would be one of them. How could it be determined which was the primary or predominant one; or whether it was necessary that revenue should be the sole object, in exclusion of other incidental effects." Madison then went on to show that it is difficult to determine whether a bill which was sent to the House by the Senate was or was not an amendment or alteration of a House revenue bill. He noted further the difficulties in determining what was an amendment or alteration, and what was the meaning of the words "increase or diminish". Continuing, he stated, "If the right to originate be vested exclusively in the House of Representatives, either the Senate must yield against its judgment to that House, in which case the utility of the check will be lost—or the Senate will be inflexible and the House of Representatives must adapt its money bill to the views of the Senate, in which case, the exclusive right will be of no avail."

After Dickinson and Randolph had defended further Randolph's motion, Rutledge stated that "he would prefer giving the exclusive right to the Senate, if it was to be given exclusively at all. The Senate being more conversant in business, and having more leisure, will digest the bills much better, and as they are to have no effect until examined and approved by the House of Representatives, there can be no possible danger. \* \* \* The experiment in South Carolina, where the Senate cannot originate or amend money bills, has shown that it answers

no good purpose; and produces the very bad one of continually dividing and heating the two Houses. Sometimes indeed if the matter of the amendment of the Senate is pleasing to the other House they wink at the encroachment; if it be displeasing, then the Constitution is appealed to. Every session is distracted by altercations on this subject. The practice now becoming frequent is for the Senate not to make formal amendments; but to send down a schedule of the alterations which will procure the bill their assent." Carroll said, "the most ingenious men in Maryland are puzzled to define the case of money bills, or explain the Constitution on that point; though it seemed to be worded with all possible plainness and precision. It is a source of continual difficulty and squabble between the two Houses."

At the close of this debate, three votes were taken. First, on the exclusive right in the first House to originate money bills; defeated, 4 to 7; second, on originating by the first House and amending by the Senate: defeated, 4 to 7; and third, on the clause, "No money shall be drawn from the Public Treasury, but in pursuance of appropriations that shall originate in the House of Representatives"; defeated, 10 to 1.

Warren, in commenting on the action taken by the Convention on August 13, notes that "the Convention adhered to its vote of August 8; and thus a victory was again scored by the supporters of the power of the Senate."<sup>3</sup> Kasson observes that "here, for the first time, appears a very strong conviction of the Convention that a distinction should be made between bills for raising revenue and bills for appropriating money."<sup>4</sup>

On August 14, Williamson referred to the money bill section as dead, but "its ghost he was afraid would notwithstanding haunt us. It had been a matter of conscience with him, to insist upon it as long as there was hope of retaining it. He had swallowed the vote of rejection with reluctance. He could not digest it. All that was said on the other side was that the restriction was not convenient. We have now got a House of Lords which is to originate money bills."

On August 15, Strong proposed the following amendment: "Each House shall possess the right of originating all bills, except bills for raising money for the purposes of revenue, or for appropriating the same and for fixing the salaries of the officers of the Government which shall originate in the House of Representatives; but the Senate may propose or concur with amendments as in other cases." Mason seconded Strong's motion, stating that "He was extremely earnest to take this power from the Senate, who he said could already sell the whole country by means of Treaties." Gorham said the amendment was of great importance. "The Senate will first acquire the habit of preparing money bills, and then the practice will grow into an exclusive right of preparing them." Gouverneur Morris opposed it as unnecessary and inconvenient. Williamson said, "Some think this restriction on the Senate essential to liberty, others think it of no importance. Why should not the former be indulged? He was for efficient and stable Government but many would not strengthen the Senate if not restricted in the case of money bills. The friends of the Senate would therefore lose more than they would gain by refusing

<sup>3</sup> Warren, *The Making of the Constitution* (Boston, 1937), p. 435.

<sup>4</sup> Kasson, *History of the Formation of the Constitution*, in *History of the Celebration of the One Hundredth Anniversary of the Promulgation of the Constitution of the United States* (Phila., 1889), p. 104.

to gratify the other side." He thereupon moved to postpone the subject until the powers of the Senate had been reviewed, and further action was then postponed.

On September 5, the Committee of Eleven, to which had been referred certain portions of the proposed Constitution upon which action had been postponed, filed a report recommending, among other things, that "All bills for raising revenue shall originate in the House of Representatives, and shall be subject to alterations and amendments by the Senate; no money shall be drawn from the treasury, but in consequence of appropriations made by law."

Gouverneur Morris moved to postpone consideration, noting that "it had been agreed to in the Committee on the ground of compromise, and he should feel himself at liberty to dissent to it, if on the whole he should not be satisfied with certain other parts (of the report) to be settled." Sherman "was for giving immediate ease to those who looked on this clause as of great moment, and for trusting to their concurrence in other proper measures." Morris' motion carried by a vote of 9 to 2 and the matter was postponed.

It should be noted, at this point, that here, for the first time, we have an official recommendation from a special committee, directed to report with respect to matters which had been postponed, which retains in the House *exclusive* authority to originate measures for raising revenue, while authorizing the Senate to *alter* or *amend* such measures, but which *eliminates* the exclusive power in the House to originate appropriations. *It is perfectly clear, from the previous debate, that the elimination of the exclusive power in the House to originate appropriation bills was not accidental, inadvertent, or due to any lack of understanding on the part of the delegates as to the difference between bills to raise revenue and bills to appropriate funds. In fact, the vote on August 13, previously described, makes it quite clear that the distinction between revenue and appropriation measures was well understood.* What is reflected in the proposal of the Special Committee is an attempt to reach a compromise which would placate those who wanted to see more power vested in the Senate and who had opposed the origination of revenue measures in the House exclusively.

Commenting on this proposal of the Special Committee, Warren states that "this new compromise satisfied some of the delegates from the smaller States and some from the larger States, who had hitherto opposed the origination of revenue bills in the House; \* \* \*".<sup>5</sup>

On September 8, the postponed proposed section was again considered. After adopting an amendment to the first clause which incorporated the language of the Massachusetts Constitution, the section was adopted by a vote of 9 to 2. As amended and adopted, it read as follows: "All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments, as in other bills. No money shall be drawn from the treasury but in consequence of appropriations made by law."

On the same day, a committee of five was appointed "to revise the style of and arrange the articles which had been agreed to \* \* \*", referred to as the Committee on Style and Arrangement.

On September 12, the Committee on Style and Arrangement made its report on a final and revised draft of the Constitution. Section

<sup>5</sup> Warren, *The Making of the Constitution*, op. cit., p. 670.

7 of this final draft contained the provision: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills." The last clause of the version adopted on September 8, forbidding money to be drawn from the treasury except in consequence of appropriations made by law, had been removed from section 7 and appeared as clause 6 of section 9.

#### SUMMARY OF DEBATES IN THE CONSTITUTIONAL CONVENTION

Summarizing the debates, it appears (1) that originally each House was to have full and equal authority to originate all bills; (2) an attempt to except money bills and require them to originate in the House of Representatives was rejected; (3) as a result of a compromise between delegates from the small and large States, all States were given an equal vote in the Senate, in return for vesting in the House of Representatives exclusive power to originate both revenue and appropriation measures, and this was tentatively approved on two occasions; (4) subsequently, a provision to vest exclusive authority in the House over both revenue and appropriation bills was proposed by the Committee on Detail and rejected on two occasions; (5) this rejection was in three parts; one rejected the exclusive authority in the House to originate money bills; the second rejected the exclusive authority in the House to originate, with amendment by the Senate; and the third rejected exclusive origination of appropriation measures in the House of Representatives; (6) subsequently, a special committee, in an attempt at conciliation, recommended that the House have exclusive authority to originate revenue measures, with amendment by the Senate, and *exclusive authority to originate appropriation measures was dropped*; and (7) finally, the Convention adopted the language now contained in the Constitution, except that the clause requiring appropriations made by law prior to drawing money from the Treasury was moved to another section of the Constitution, *probably in order to avoid the confusion and misunderstanding generated by the earlier language, and as a matter of style*.

Kasson, commenting on the final product, says, "It thus appears by express votes the Convention refused to extend the exclusive power of the House beyond bills for raising revenue, and by express vote decided to leave in the Senate an equal power to originate bills making appropriations of public money \* \* \*."<sup>6</sup>

#### REPORT OF HOUSE COMMITTEE ON THE JUDICIARY, 46TH CONGRESS (1880)

Further substantiation for this view is found in the report of the House Committee on the Judiciary, made in 1881, referred to above (H. Rept. 147, 46th Cong., 3d sess.). It appears that a Senate bill, authorizing the Secretary of the Treasury to purchase certain land, and further authorizing the appropriating of funds therefor, had passed the Senate and was referred to the appropriate House committee which reported it favorably. Having determined that the matter involved the making of an appropriation, it was referred to the House Committee on the Judiciary with instructions to inquire into the right

Kasson, *History of the Formation of the Constitution, op. cit., supra*, p. 105.

of the Senate under the Constitution to originate appropriation bills. *This committee made a searching examination of the entire question and concluded that the Senate had such authority and that the power to originate appropriation bills is not exclusive in the House of Representatives.*

After reviewing the British Parliamentary practice at the time of Constitutional Convention, the House Committee observed, “\* \* \* if they (the Founding Fathers) had intended to secure to the House the sole right to originate appropriation bills \* \* \* it is but reasonable to suppose that they would have done so in perfectly plain and unequivocal terms.”

Following an examination of a portion of the debates in the Constitutional Convention, the House Committee stated:

From this brief summary it will be seen that the proposition was more than once presented to the convention to vest in the House of Representatives the exclusive privilege of originating “all money bills” *co nomine*, which was as often rejected. It would seem obvious, therefore, that the framers of the Constitution did not intend that the expression “bills for raising revenue”, as employed by them, should be taken as the equivalent of that term as it was understood in English parliamentary practice; for, if they had so intended, they would surely have used that term itself, which had already received a fixed and definite signification from long and familiar usage, instead of the one they chose to employ.

Thereafter, the House Committee observed that it could not be said that the framers of the Constitution acted under any misapprehension or want of proper deliberation. Not only did they specifically reject language which would have vested in the House of Representatives the exclusive privilege of originating appropriation bills, but

No provision in the entire Constitution was more elaborately discussed or more carefully considered. The policy of investing the House of Representatives with the exclusive privileges exercised by the English House of Commons in relation to ‘money bills’ was persistently and ably urged by such distinguished and patriotic statesmen as George Mason, Elbridge Gerry, and Benjamin Franklin; and the impropriety of making any discrimination whatever between the two Houses as to their power to originate any bills was forcibly presented by Madison, Gouverneur Morris, Oliver Ellsworth, James Wilson, and Roger Sherman.

Continuing, the House Committee states:

To say that the illustrious men who composed the Federal Convention were incapable of declaring in clear and unmistakable language that the House of Representatives should have the sole right to originate appropriation bills, if such had been their intention, would be an insult to their intelligence, which, in view of the precise and perspicuous terms used in the resolution reported by Mr. Gerry, the substitute offered by Mr. Randolph, and the amendment proposed by Mr. Strong, could only stultify the person who might hazard such an insinuation; and it would be no less an imputation

upon their integrity and candor, as well as a gross abuse of construction, to suppose that they intended to be understood as meaning precisely what they repeatedly refused to say in plain words, especially when such a meaning cannot be inferred by any possibility from the language they actually employed, if that language is taken according to its natural and ordinary import.

The House Committee came to the conclusion that *it was never the intention of the framers of the Constitution to withhold the power of originating appropriation bills from the Senate, and that this was clearly shown from the language used in the instrument and the circumstances under which that language was employed.*

Concerning the argument that usage and customs should govern, the committee said:

\* \* \* if the Senate was ever invested with that power by the Constitution, it cannot be said to have lost it by nonuser. Fortunately for us, that is not the way in which our constitutional provisions are changed, nor can they be altered by mere parliamentary practice. They must remain in the plain words in which they are written until amended by the concurrent votes of two-thirds of each branch of Congress and the legislatures of three-fourths of all the States in the Union, and while they remain they must be construed according to the simple and well settled rules of interpretation applicable to all other written language.

If the mere practice of the two Houses or of either of them can be said to affect in any way a clear constitutional principle, instances in which the House has passed, without objection, appropriation bills which have originated in the Senate, might be adduced in sufficient numbers to fill a volume.

In concluding its report, the committee stated:

With the policy of such a provision your committee has nothing to do. That was a matter to be considered and determined by the convention which framed the Constitution and the States which ratified it. And whether they acted wisely or unwisely in that regard cannot alter the fact that *there is nothing in the language of the Constitution to indicate an intention on their part to withhold from the Senate the power to originate bills for the appropriation of money or that they repeatedly rejected a proposition to confine that privilege to the House of Representatives, although presented in the most emphatic and unequivocal terms.* (Italic supplied.) Believing, therefore, from the plain letter of the Constitution, as well as from all the circumstances surrounding the adoption of the provision in question, that the Senate had the clear right to originate the bill, they report it back to the House, with the recommendation that it be referred to the Committee on Appropriations, and that the following resolution be adopted:

*Resolved*, That the Senate had the constitutional power to originate the bill referred, and that the power to originate

bills appropriating money from the Treasury of the United States is not exclusive in the House of Representatives.

This report, which was accompanied by Minority Views, was re-committed. The Minority Views contained the usual arguments advanced in support of the contention that the House of Representatives has exclusive power to originate appropriation bills.

#### VIEWS OF COMMENTATORS AND THE SUPREME COURT OF THE UNITED STATES

The precise question of the right of the Senate to originate appropriation bills has never been passed upon directly by the courts. However, it has been the subject of comment by several commentators and has been treated indirectly in several decisions of the United States Supreme Court.

Mr. Justice Story, writing in 1833, in his famous *Commentaries on the Constitution of the United States*, stated:<sup>7</sup>

\* \* \* What bills are properly "bills for raising revenue", in the sense of the Constitution, has been a matter of some discussion. A learned commentator supposes that every bill which indirectly or consequently may raise revenue is, within the sense of the Constitution, a revenue bill. He therefore thinks that the bills for establishing the post-office and the mint, and regulating the value of foreign coin belong to this class, and ought not to have originated (as in fact they did) in the Senate. But the practical construction of the Constitution has been against his opinion. And, indeed, the history of the origin of the power already suggested abundantly proves that it has been confined to bills to levy taxes in the strict sense of the words, and has not been understood to extend to bills for other purposes, which may incidentally create revenue. \* \* \*

More recently, an equally eminent authority on the Constitution, W. W. Willoughby, in his definitive work, *The Constitutional Law of the United States* stated:<sup>8</sup>

The Constitution provides that 'all bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.'

This provision has given rise to frequent controversies between the two Houses of Congress, but has but seldom been passed upon by the courts. No formal definition of a revenue measure has been given by the Supreme Court, but in *Twin City National Bank v. Nebeker*, the court, in effect, held that a bill, the primary purpose of which is not the raising of revenue, is not a measure that must originate in the House, even though, incidentally, a revenue will be derived by the United States from its operation.

Concerning appropriations acts, Mr. Willoughby stated:<sup>9</sup>

It would seem that the Senate has full power to originate measures appropriating money from the Federal treasury.

<sup>7</sup> Vol. 2, pp. 342-343.

<sup>8</sup> (2nd ed., 1929), Vol. II, p. 656.

<sup>9</sup> *Ibid.*, p. 657.

This right has at times been denied by certain members of the House, but the House has not itself formally adopted this negative view.

In *Twin City Bank v. Nebeker*,<sup>10</sup> the Supreme Court of the United States upheld the validity of a statute providing a national currency secured by a pledge of bonds of the United States and imposing a tax on the notes in circulation of the banking associations organized under the statute, in furtherance of that object and to meet the expenses attending the execution of the act. It was contended that since the act imposed a tax, it was a revenue raising measure; and that since the amendment which imposed the tax originated in the Senate, it was void. The Court held that this was not a revenue bill "which the Constitution declares must originate in the House of Representatives."

In disposing of this contention, Mr. Justice Harlan (202-3) stated:

Mr. Justice Story has well said that the practical construction of the Constitution and the history and origin of the constitutional provision in question proves that revenue bills are those that levy taxes in the strict sense of the word, and are not bills for other purposes which may incidentally create revenue. \* \* \*

#### BASES FOR THE POSITION OF THE HOUSE OF REPRESENTATIVES

The position of some Members of the House of Representatives, that the Constitution vests in that House exclusive authority to originate appropriation bills, appears to have received its principal support from Asher Hinds and Representative Clarence Cannon, both former House Parliamentarians, and a considerable amount of material on the subject is found in *Hinds and Cannon's Precedents*. Additional material is found in Luce's *Legislative Problems*, and in the Minority Views attached to the report of the House Committee on the Judiciary (H.Rept. 147, 46th Cong.), referred to above. However, the major work purporting to support this position is found in an article by former Senator John Sharp Williams, written in 1912 and published as Senate Document 872 (62nd Cong., 1912).

In this article, Mr. Williams, after reviewing briefly the debates in the Convention, arrives at the events of September 8, 1787. Noting the adoption by a vote of 9 to 2 of the language "All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments, as in other bills. No money shall be drawn from the treasury but in consequence of appropriations made by Law", he says, "no discussion. Evidently nobody thought that it made a difference from previous drafts. Why? Because the phrase 'raising revenue' was equivalent to the phrase 'raising money and appropriating the same'."

In coming to this conclusion, Mr. Williams ignored completely the fact that *on two occasions a provision by the Committee on Detail to vest exclusive authority over both revenue and appropriation bills was rejected. Furthermore, at the time of the second rejection, a vote was taken on the following language: "No money shall be drawn from the Public Treasury, but in pursuance of appropriations which*

<sup>10</sup> 167 U.S. 196 (1897).

*shall originate in the House of Representatives"; and it was defeated by a vote of 10 to 1.*

How Mr. Williams was able to conclude after that action and the debate surrounding it that the phrase "raising revenue" was equivalent to the phrase "raising money and appropriating the same" is not readily apparent and is merely based upon his own personal views and interpretations, rather than on historical facts and events.

Mr. Williams also made much of the fact that the final draft, which omitted any reference to "appropriations", was the work of the "Committee of Revision of Style", concluding that it "seems still evident that to 'raise revenue' meant to raise money and appropriate it". *He made no reference to the fact that this committee moved the last clause of the version adopted on September 8, dealing with appropriations, from section 7 of the final draft to section 9 of the final draft. It is certainly just as valid to assume that the committee took this action in order to separate, once and for all, the appropriation provision from the revenue provision, in order to avoid the conflict and misunderstanding which existed throughout a considerable portion of the debate. Mr. Williams' implication, that the omission of any reference to "appropriations" was purely one of style and arrangement, certainly finds no justification in the facts reviewed, and must be treated as mere conjecture on his part.*

Mr. Williams proceeded to review the debates in some of the State Conventions on the ratification of the Constitution. His references to the language used, however, are inconclusive, since all or most of them are to "money bills", a term which, although used in the debate by the framers, was later discarded in favor of the more precise term—"bills to raise revenue", and "appropriations". *By tortured interpretations of the terms, "money bills", "revenue bills", and "supply bills", he attempts to show, without any noticeable basis, that they really mean "appropriation bills".*

Mr. Williams states further that "if you will read the proceedings of the Constitutional Convention at Philadelphia very carefully, you will find that the whole argument there was whether the Senate should or should not have the *right to amend*. There never was one moment spent in discussion as to whether the House should or should not have the *right to originate*". [Italic in original.]

It is apparent that Mr. Williams did not read the debates with the care he requested of others. As early as June 13, 1787, when Gerry moved to change the equal right in both Houses to originate all legislation, so as to except money bills "which shall originate in the House of Representatives," Butler, Madison, Sherman and Pinckney took issue with him. Madison specifically observed that "the Senate would be the representatives of the people as well as the first branch", and "as the Senate would be generally a more capable set of men, it would be wrong to exclude them from any preparation of the business, especially of that which was important. \* \* \*." Sherman said, "We establish two branches in order to get more wisdom, which is particularly needed in the finance business. The Senate bear their share of the taxes and are also representatives of the people." Pinckney noted that this distinction in South Carolina has been a source of "pernicious disputes between the two branches." After the debate, Gerry's motion was defeated by a vote of 7 to 2.

Subsequently, on August 6, the Committee on Detail, in its report, provided for the origination in the House of Representatives of "all bills for raising or appropriating money \* \* \*". In the debate on this provision on August 8, Gouverneur Morris said, "it is particularly proper that the *Senate shall have the right of originating money bills.* [Italic supplied.] They will sit constantly, will consist of a smaller number, and will be able to prepare such bills with due correctness; and so as to prevent delay in the other House." Following further debate, the provision was rejected by a vote of 7 to 4. In further debate, several days later, Wilson said that "*the purse was to have two strings, one of which was in the hands of the House of Representatives, the other in the Senate. Both Houses must concur in untying, and of what importance would it be which untied first, which last.*" He could not conceive "it to be any objection to the Senate's preparing the bills", and "*the restriction in favor of the House of Representatives would exclude the Senate from originating any important bills whatever.*"

In the light of the foregoing, it certainly cannot be said with any degree of accuracy, that "there never was one moment spent in discussion as to whether the House should or should not have the right to originate."

Finally, we have the clear statement of George Mason, a delegate from Virginia, who gave, as one of his reasons for refusing to sign the Constitution, the fact that "the Senate shall have the power of altering all money bills, and of originating appropriations of money \* \* \*".<sup>11</sup>

#### CONCLUSIONS

As stated at the outset of this study, an examination of the debates of the framers of the Constitution and of the principal commentators and authorities on the subject reveals, beyond any doubt, that the Senate has constitutional authority to originate appropriation bills. This conclusion is based upon the following findings:

1. The language of the Constitution itself makes it perfectly plain that the exclusive authority of the House of Representatives refers only to "bills for raising revenue" which term means "levying taxes". If the delegates to the Convention had desired to vest sole authority over appropriations in the House of Representatives, it may be assumed, in the light of their intellectual capacities and stature, that they would have done so in plain and unequivocal terms, particularly in view of the fact that attempts to confine that authority to the House were rejected repeatedly. This position is further supported by the refusal of Delegate George Mason to sign the Constitution because it gave the Senate power to originate appropriations, quoted in the preceding paragraph.

2. The practice of the English Parliament, at the time of the Constitutional Convention, under which the House of Commons controlled both revenue-raising and appropriation bills, was well-known and understood by the delegates. The question of vesting the same powers in the House of Representatives was thoroughly debated and was ultimately rejected as inapplicable to the situation at hand, since the Senate bore no resemblance whatever to the hereditary House of Lords.

<sup>11</sup> See, *supra*, note 1.

3. The framers of the Constitution deliberately discarded the term "money bills", used in English parliamentary practice, because of the confusion generated by this term. Furthermore, they understood fully the distinction between revenue-raising measures and appropriation measures, and, at no time was it intended that the term "bills for raising revenue" was to include bills for appropriating money.

4. Originally, each House was given equal authority to originate all bills, and an attempt to except money bills and require them to originate in the House of Representatives was rejected.

5. As the result of a compromise between the small and large States, all States were given an equal vote in the Senate in return for vesting in the House of Representatives exclusive power to originate both revenue and appropriation measures, and this was tentatively approved on two occasions.

6. Subsequently, a provision to vest exclusive authority in the House over both revenue and appropriation measures was proposed and rejected on two occasions. This rejection was in three parts: one vote rejected the exclusive authority in the House to originate money bills; the second rejected the exclusive authority in the House to originate, with amendment by the Senate; and the third rejected exclusive origination of appropriation measures in the House of Representatives.

7. Having reached an impasse on this question, a special committee, in an attempt at conciliation, recommended that the House have exclusive authority to originate revenue measures, with amendment by the Senate, and *exclusive authority to originate appropriation measures was dropped*, in order to placate those delegates who resented the attempt to exclude the Senate from a matter of such importance as appropriations.

8. The Convention finally adopted the language now contained in the Constitution, except that the clause requiring appropriations made by law prior to drawing money from the Treasury was moved to another section by the Committee on Style and Arrangement. *It is obvious that this action could not have been inadvertent, since the committee in question had no authority to make substantive changes. Therefore, their action in dropping any reference to appropriation measures from Article 1, Section 7, Clause 1, was done deliberately in order to carry out the desires of a majority of the delegates, and to eliminate any possible confusion which had been generated by the earlier language. Had this action been taken, merely as a matter of style, it would have exceeded the authority of the committee, and the Constitution would never have been ratified in that form.*

9. Since the power to originate appropriation measures was clearly vested in the Senate by the Constitution, the fact that the Senate, as a matter of practice and procedure, has permitted the House of Representatives to originate general appropriation bills over a long period of time, cannot operate to divest the Senate of this important constitutional power. If this is desirable, it must be done by an amendment to the Constitution as prescribed by that document.

ELI E. NOBLEMAN,  
*Professional Staff Member.*

Approved:

WALTER L. REYNOLDS,  
*Staff Director.*

## EXHIBIT 1

[46th Cong., 3d sess., House of Representatives, Rept. No. 147]

## POWER OF THE SENATE TO ORIGINATE APPROPRIATION BILLS

The House having referred to the Committee on the Judiciary the bill (S. 1157) entitled "An act authorizing the Secretary of the Treasury to purchase additional lots of ground adjoining the new building for the Bureau of Engraving and Printing," with instructions to inquire into the right of the Senate under the Constitution to originate bills making appropriations of money belonging to the Treasury of the United States, and said committee having considered the same, beg leave to submit the following report:

The principal if not the only question submitted to your committee in this instance is whether the Senate has the power to originate bills for the appropriation of money, and its correct solution depends solely upon the proper construction of the first clause of the seventh section of the first article of the Constitution, which contains the only restriction to be found anywhere upon the authority of that body to originate bills of any kind or description whatever.

That clause provides that "all bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments, as on other bills." And if the words in which it is expressed are to be taken in their ordinary acceptation, as required by the primary canon of legal interpretation, it is difficult to conceive how there could possibly be two opinions as to the idea they were intended to convey, for certainly the distinction between raising revenue and disposing of it after it has been raised is sufficiently obvious to be understood by even the commonest capacity.

It is true, nevertheless, that from the time the Constitution was framed to the present there has been an impression, more or less general, that this clause has a much broader signification than its terms imply. There have been many, indeed, whose utterances have usually received the most respectful consideration, and among them some who figured conspicuously in the framing and ratification of that instrument, who seem to have regarded the expression "bills for raising revenue," as here employed, as synonymous with the term "money bills," which at the time of the adoption of our Constitution had become quite familiar in the parliamentary language of the mother country. Mr. Madison was evidently of that impression when he referred to "the equal authority that would subsist between the two Houses on all legislative subjects except in originating money bills" (Federalist, No. LVIII), as was Mr. Grayson, of Virginia, when he denounced the provision in the clause just quoted which authorizes the Senate "to propose or concur with amendments as on other bills" as "a departure from that great principle which required that the immediate representatives of the people only should interfere with money bills" (Elliot's Debates, vol. 1, p. 375). James Wilson, of Pennsylvania, a member of the convention which framed the Constitution, and subsequently one of the Associate Justices of the Supreme Court of the United States, in one of his lectures on law, delivered in Philadelphia in 1790-91, says: "By the Constitution of the United States money bills originate in the House of Representatives" (1 Wilson's Works 445); and in another, speaking of the Constitutions of the United States and of Pennsylvania, he says:

"They have on this head adopted the parliamentary law of England in part; but they have not adopted it altogether. They have directed that all money bills shall originate in the House of Representatives, but they have also directed that the Senate may propose amendments in these as in other bills." (2 Wilson's Works 161.)

Mr. Webster, in the debate which took place in the Senate on Mr. Clay's celebrated compromise tariff bill, in 1833, said:

"If it was a money bill, it belonged to the House of Representatives to originate it. \* \* \* The constitutional provision was taken from the practice of the British Parliament, whose usages were well known to the framers of the Constitution, with the modification that the Senate might alter or amend money bills, which was denied by the House of Commons to that of the Lords." (Congressional Debates, 1832-33, vol. ix, p. 722).

And Mr. Justice Story, in his "Commentaries on the Constitution," published about the same time, after quoting the clause under discussion, says:

"This provision, so far as it regards the right to originate what are technically called money bills, is, beyond all question, borrowed from the British House of Commons." (1 Story Const., sec. 874.)

He seems, indeed, to have had a decided preference for the term "money bills," as he repeatedly employs it in his subsequent comments on the same provision as a substitute for the phrase used in the Constitution, which, taken according to its natural and obvious import, could give rise to neither doubt nor confusion.

Citations from the speeches and writings of other distinguished statesmen and jurists similar to those already adduced might be multiplied almost indefinitely, and it is probable that the frequent use of the term "money bills" by such persons, as the equivalent of the expression employed in the Constitution, may have created the impression which seems to prevail with many, that the latter embraces every variety and description of bills affecting the revenue, whether for the purpose of raising it by taxation or disposing of it by appropriation. It should be observed, however, that there is, and long has been, a wide difference of opinion as to what is embraced in the definition of the term "money bill," even as employed in English parliamentary practice.

Mr. Homersham Cox, in his work on the "Institutions of the English Government" (p. 198), defines "money bills" to be tax bills, bills of supply, and bills of the appropriation of supplies, and his definition has been approved and adopted by Mr. Todd in his treatise on the "Parliamentary Government of England" (p. 525). Bouvier, in his "Law Dictionary," defines them as "bills or projects of laws providing for raising revenue, and for making grants or appropriations of the public treasure"; and Mr. Cushing, in his work on the "Law and Practice of Parliamentary Assemblies," speaks of them as "those which grant a supply or make an appropriation of money" (sec. 2369), and says, in another place, that "the term 'money bills,' as used in the constitutions of New Hampshire and Massachusetts, is broad enough to include both the raising and the appropriation of money" (sec. 2304). Mr. Seward was also of a similar opinion. In his remarks in the Senate, in 1856, on Mr. Hunter's resolution to instruct the Committee on Finance to prepare and report such of the general appropriation bills as they might deem proper, he said:

"By money bills were understood, as now understood in Great Britain, equally bills for raising money and bills for the paying moneys for the support of the Government. Here in modern times we have come to a distinction between bills for raising moneys and bills for appropriating money or appropriating revenue; but in the British system the principle prevailed then, as it yet prevails, that the House of Commons, regarded as the representatives of the people, had the exclusive power of originating bills for the raising and for the expenditure of revenue. It was this power which carried the Commons of Great Britain through this revolution in which they saved the cause of national liberty and of constitutional freedom when it was in danger of being overborne by the influence and power of the executive and of the House of Lords." (Congressional Globe, 1st sess., 34th Cong., p. 376.)

Mr. Story, from one section in his work on the Constitution, seems to incline to the same opinion, although another section on the same subject and in the same volume leaves an entirely different inference. Speaking of the power vested in the Senate to propose amendments to bills for raising revenue, which has always been stubbornly denied to the British House of Lords, he says:

"There would be no small inconvenience in excluding the Senate from the exercise of this power of amendment and alteration, since, if any, the slightest modification were required in such a bill to make it either palatable or just, the Senate would be compelled to reject it, although an amendment of a single line might make it entirely acceptable to both Houses. Such a practical obstruction to the legislation of a free government would far outweigh any supposed theoretical advantages from the possession or exercise of an exclusive power by the House of Representatives. Infinite perplexities, misunderstandings, and delays would clog the most wholesome legislation. Even the annual appropriation bills might be in danger of miscarriage on these accounts, and the most painful dissensions might ensue" (sec. 877).

On the other hand, Sir William Blackstone, whose Commentaries were published 10 years before the Declaration of Independence, and were perhaps more extensively read in America than in England at the time of the adoption of our Constitution, pretermits all mention whatever of appropriations in his definition of money bills. He says:

"First, with regard to taxes, it is the ancient indisputable privilege and right of the House of Commons that all grants of subsidies or parliamentary aids do begin in their house, and are first bestowed by them; although their grants are not effectual, to all intents and purposes, until they have the assent of the other

two branches of the legislature. The general reason given for this exclusive privilege of the House of Commons is that the supplies are raised upon the body of the people, and therefore it is proper that they alone should have the right of taxing themselves. This reason would be unanswerable if the Commons taxed none but themselves; but it is notorious that a very large share of property is in the possession of the House of Lords; that this property is equally taxable and taxed as the property of the Commons; and therefore the Commons, not being the sole persons taxed, this cannot be the reason of their having the sole right of raising and modeling the supply. The true reason, arising from the spirit of our Constitution, seems to be this: The Lords being a permanent, hereditary body, created at pleasure by the King, are supposed more liable to be influenced by the Crown and when once influenced to continue so, than the Commons, who are a temporary, elective body, freely nominated by the people. It would therefore be extremely dangerous to give the Lords any power of framing new taxes for the subject; it is sufficient that they have a power of rejecting, if they think the Commons too lavish or improvident in their grants. But so unreasonably jealous are the Commons of this valuable privilege, that herein they will not suffer the other house to exert any power but that of rejecting; they will not permit the least alteration or amendment to be made by the Lords to the mode of taxing the people by a money bill; under which appellation are included all bills by which money is directed to be raised upon the subject for any purpose or in any shape whatsoever, either for the exigencies of the government, and collected from the kingdom in general, as the land tax, or for private benefit, and collected in any particular district, as by turnpikes, parish rates, and the like. (Blackstone's Commentaries, book 1, ch. 2, pp. 168, 169.)

And Sir Thomas Erskine May, although he offers no definition of the term "money bills," referring to a bill introduced in the House of Lords in 1860, for the repeal of the duty on paper, says:

"Nor was this strictly and in technical form a money bill. It neither granted a tax to the Crown nor recited that the paper duty was repealed in consideration of other taxes imposed." (1 May's Const. Hist., 448.)

From which it has been inferred that in his opinion that term refers alone to bills for raising revenue, notwithstanding he says in another place that—

"The Lords have no voice in questions of expenditures save that of a formal assent to the appropriation acts. They are excluded from it by the spirit and forms of the constitution." (Ibid., 444.)

A similar inference as to the opinion of Judge Cooley may perhaps be drawn from a paragraph in his admirable work on constitutional limitations. Speaking of the equal dignity and powers of the two Houses of legislative assembly, he says:

"This is the general rule; but as one body is more numerous than the other and more directly represents the people, and in many of the States is renewed more often by elections, the power to originate money bills, or bills for raising revenue, is left exclusively by the constitutions of some of the States with this body, in accordance with the custom in England, which does not permit bills of this character to originate with the House of Lords." (Cooley's Const. Limitations, 130.)

The whole subject, has, however, been recently reviewed by the Supreme Court of Massachusetts in an elaborate opinion by Chief Justice Gray, concurred in by the entire bench, and remarkable for the extraordinary learning and labor exhibited in its preparation. In pursuance of a provision in the constitution of that Commonwealth, authorizing such a procedure, the Legislature of Massachusetts in April 1878, submitted to the supreme judicial court for its opinion substantially the following question: "Whether a bill appropriating money from the public treasury, and not providing for the levying of such money on the people by tax or otherwise, is a money bill which must originate in the House of Representatives under the provisions of chapter 1, section 3, article 7 of the State constitution, which declares that 'all money bills shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.'" To this the court, after the most careful and laborious examination of every available source of information, returned the following answer:

"First. The Senate can, under the provisions of chapter 1, section 3, article 7, of the constitution, originate a bill or resolve appropriating money from the treasury of the Commonwealth.

"Second. The Senate can, under these provisions, originate a bill or resolve involving directly or indirectly the expenditure of money from the treasury, or imposing a burden or charge thereon.

"Third. 'That the power to originate a bill appropriating money from the State treasury is not limited by the constitution to the House of Representatives, but resides in both branches of the legislature.' (126 Mass. Rep., supplement pp. 557-602.)

Whatever may be the true scope of the term "money bills," however, as employed in British parliamentary practice, and understood at the time of the adoption of our Constitution, it cannot be denied that for a long period of time the Commons of England had asserted and maintained their exclusive privilege of originating all acts for the appropriating and expenditure of the public money with the same vigilance and pertinacity with which they had claimed the sole right to originate bills for raising it. They would brook no interference on the part of the Lords with either. As far back as 1678, they resolved:

"That all aids and supplies ought to begin with the Commons, and that it is the undoubted and sole right of the Commons to direct, limit, and appoint in such bills the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the House of Lords" (May's Parliamentary Practice, pp. 506, 507).

And in 1691, when the Lords had amended a bill for appointing commissioners to state the public accounts, they promptly rejected the amendments, declaring that "the disposition as well as the granting of money by act of Parliament hath ever been in the House of Commons; and these amendments relating to this disposal of money to the commissioners added by the amendments do intrench upon that right." And again in 1702, the Lords having amended a bill for the encouragement of privateers, the Commons disagreed to the amendments because they "altered several duties granted to the Crown, and likewise disposed of several sums of money arising therefrom, and other public moneys, for that the allowing of duties and the granting and disposing of all public moneys is the undoubted right of the Commons alone, and an essential part of their constitution" (3 Hatsell, pp. 124, 132, and app. 11). So jealous, indeed, were they of this privilege that they rejected an amendment proposed by the Lords substituting lead for copper in a bill for covering the cupola of St. Paul's; averring as their reason "that the money for building the said cathedral was granted by the Commons, and therefore the application thereof belonged to them" (3 Hatsell, 132).

It should be observed, moreover, that for more than a century before the adoption of our Constitution, it had been the practice of the English Parliament, as it has been ever since, to embrace the provisions for raising revenue and for appropriating it in the same bill; and perhaps a want of proper attention to the mode of procedure in that regard may have led to the apparent discrepancies of opinion in relation to the nature of "money bills," already noticed. A brief outline of the method of proceeding in Parliament in relation to the raising and expenditure of money for the uses of the Government may, therefore, be somewhat useful here in elucidating the point under consideration.

For reasons into which it is unnecessary for the purposes of this report to inquire, bills for granting supplies to the Government, as well as those providing the methods for raising them, could only originate in the House of Commons, which, as said by Sir William Blackstone, has always been so "unreasonably jealous" of its privilege in that particular that it has never permitted the other House—at least for centuries past—to make the slightest alteration therein, limiting the Lords to the naked alternative of accepting or rejecting them.

Prior to 1667, proposition for granting aids and supplies to the Crown were frequently referred to select committees, and the money when raised was as often diverted to other purposes than those for which it was voted. In pursuance of a standing order made during that year, however, and which has remained substantially the same to the present time, the House, at the beginning of each Parliament, constitutes itself into what is known as the Committee of Supply, to consider the amounts of money to be voted for the uses of the Government for the current year, and to which are referred all demands for the public service which are laid before the House by direction of the Crown.

When the Committee of Supply has reported, and the report has been agreed to by the House, a day is appointed for the House to resolve itself into a committee "to consider of ways and means for raising the supply granted," or, as it is familiarly styled, the Committee of Ways and Means. The business of this Committee, as its title implies, is to determine the modes of raising the money which the House (upon the resolution reported by the Committee of Supply and agreed to) has granted to the Crown, being limited by rule to the amount thus

granted. The Committee of Ways and Means, therefore, proceeds to determine and report to the House the various methods by which the amount determined upon shall be raised, whether by loan or tax, and by what descriptions and rates of taxation.

When the Committee of Supply and Ways and Means have finished their sittings, the House passes a bill known as the consolidated fund bill, or more generally as the appropriation bill, in which the several grants made on recommendation of the Committee of Ways and Means by land tax, paper tax, malt tax, etc., are recapitulated, and directed to be applied to those services which have been voted during the session in the Committee of Supply; specifying the particular sums granted for each service and appropriating the money that shall be paid into the exchequer for their discharge; and directing that said supplies shall not be applied to any other than the purposes mentioned in the bill. By this act, which completes the financial proceedings of the session, the supply votes originally passed by the Commons only, receive full legislative sanction (3 Hatsell, 192-200; 1 Todd's Parliamentary Government, 525-526; Cox's Insts, English Government, 199; May's Parliamentary Practice, 538).

Prior to the restoration it had not been the practice to make specific appropriations of supplies to the purposes for which they were granted, although it was done in some instances as early as the reigns of Edward III and Richard II. The extravagances of Charles II, however, and the various pretexts used by that dissolute monarch for obtaining supplies for extraordinary services, which, when secured, were immediately squandered in defraying the expenses of a licentious court, suggested the necessity of some such expedient in order to secure to the public use the money granted and raised for that purpose. But the idea thus originally conceived as a mere restriction upon those who had the management of the public revenue was at the revolution made a part of the system of government then established for better securing the rights, liberties, and privileges of the English people; and since that era all grants made by the Commons for the service of the Government for the current year have been strictly applied and appropriated to specific purposes for which they were intended in the acts of Parliament which have carried these grants into effect, and heavy penalties have been denounced by law upon officers of the exchequer and others who should divert or misapply the moneys thus levied and appropriated to any other purpose than those for which they were granted (3 Hatsell, 202-206; Cox Inst. Eng. Govt., 200; 1 Todd's Parliamentary Government 526-529).

It appears from the foregoing that according to English parliamentary practice, as it existed at the time of the formation of our Constitution and still prevails, the appropriation of the public revenue was a mere incident to measures by which it was granted to the Crown and brought into the exchequer; that the House of Commons claimed and maintained the exclusive right to determine the amount to be raised, the methods by which it should be raised, the services to which it should be appropriated, and the manner in which it should be expended; that these several features were usually incorporated and received legislative sanction in the same act; and that they would countenance no interference with either of them by the other House on any pretense or for any purpose whatever.

Assuming, therefore, that the framers of the Constitution were familiar with the practice of the British Parliament in this regard, as well as with the principles upon which it was founded, and that they had it in immediate view when the provision under discussion was adopted, as the most cursory examination of the debates and proceedings in relation to it will show to be true, the question recurs as to the extent to which they intended to incorporate it in our own system of Federal legislation; and if that intention were to be gathered alone from the simple and unambiguous language in which they chose to express it, there would be, as has already been intimated, but little if any difficulty involved in the inquiry, for the unlimited power of alteration and amendment vested in the Senate certainly deprives the House of the exclusive privilege of determining either the amount of revenue to be raised or the methods by which it is to be provided; and if they had intended to secure to the House the sole right to originate appropriation bills, for which the Commons had contended with their characteristic pertinacity for more than two centuries, it is but reasonable to suppose that they would have done so in perfectly plain and unequivocal terms.

It has been claimed, however, that questions of constitutional construction are in a great degree historical, and not to be determined by a mere interpretation of the language employed in the instrument. A brief review of the proceedings of the convention which resulted in the adoption of the provision under consideration may therefore be somewhat serviceable in elucidating its meaning.

On the 29th of May 1787, two propositions in relation to the matter were presented to the convention: One by Edmund Randolph, of Virginia, "that each branch of the legislature ought to possess the right of originating bills"; and the other by Charles Pinckney, of South Carolina, that "all money bills shall originate in the house of delegates, and shall not be altered by the senate" (4 Elliot's Debates, pp. 41; 44; The Madison Papers, pp. 732, 787). Conceding the term "money bills" to include those making appropriations as well as those for raising revenue, this covered the entire scope of the privilege, with respect to such matters, which was claimed by the English House of Commons.

On the 31st of the same month the proposition of Mr. Randolph was agreed to in Committee of the Whole unanimously without debate (The Madison Papers, 759), and on the 13th of June Mr. Gerry, of Massachusetts, seconded by Mr. Pinckney, of South Carolina, moved to amend it by adding the words "excepting money bills, which shall originate in the first branch of the national legislature." The amendment was opposed by Mr. Madison, Mr. Butler, Mr. Sherman, and General Pinckney, and was finally voted down, three States voting for, and seven, including Massachusetts and South Carolina, against it (4 Elliot's Debates, 69; Madison Papers, 857-858), on the 19th of June it was reported to the House from the Committee of the Whole, and on the 26th following it passed unanimously (Madison Papers, 973).

The question of representation in the two branches of Congress having come up for consideration, a committee consisting of one member from each State was selected by ballot on the 2d of July, with Mr. Gerry from Massachusetts at its head, to consider the resolutions relating to that subject, and on the 5th of July that committee reported to the convention the following propositions:

"1. That in the first branch of the legislature, each of the States now in the Union be allowed 1 member for every 40,000 inhabitants of the description reported in the seventh resolution of the Committee of the Whole House; that for each State not containing that number shall be allowed 1 member; that all bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the legislature, and shall not be altered or amended by the second branch; and that no money shall be drawn from the Public Treasury but in pursuance of appropriations to be originated by the first branch.

"2. That, in the second branch of the legislature, each State shall have an equal vote" (Madison Papers, 1024).

This report gave rise, it seems, to considerable discussion, and finally, on the question as to whether the clause relating to money bills should stand as part of the report, the vote stood five States in the affirmative, three in the negative and three divided (ibid., 1045). The first part of the proposition had been previously referred to a select committee.

On the 16th of July that committee submitted a report embodying the whole subject of representation and money bills, fixing the number of Representatives, providing that representation ought to be proportioned to direct taxation, giving each State an equal representation in the Senate, and containing the following provision:

"That all bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the legislature of the United States, and shall not be altered or amended by the second branch; and that no money shall be drawn from the Public Treasury but in pursuance or appropriations to be originated by the first branch."

Which was agreed to as a whole, five States voting in the affirmative, four in the negative, and one divided (ibid., 1107).

On the 26th of July all the propositions previously adopted were referred to the committee on detail, which, on the 6th of August, reported a draft of a constitution in which the resolution just quoted appeared as section 5, article 5 (ibid., 1228); which, on motion of Mr. Pinckney, was stricken out on the 8th by a vote of seven States against four (ibid., 1268). This vote was reconsidered, however, on motion of Mr. Randolph, who, on the 13th of August, moved to amend the clause so that it would read:

"Bills for raising money for the purpose of revenue, and for appropriating the same, shall originate in the House of Representatives; and shall not be so amended or altered by the Senate as to increase or diminish the sum to be raised or change the mode of levying it, or the object of its appropriation" (ibid., 1305-1306).

It will be observed that this was in exact accordance with the practice in the English Parliament, and covered the entire ground of privilege in that regard which was claimed by the House of Commons. The question on this proposition being divided, the vote stood on the exclusive origination of money bills in the House, ayes 4, noes, 7; and on excluding the Senate from the right to alter or amend, ayes 4, noes 7; and on the exclusive origination of appropriation bills in the House, ayes 1, noes 10 (*ibid.*, 1816).

On the 15th day of August Mr. Strong moved to amend section 12 article 6, so as to read:

"Each House shall possess the right of originating all bills except bills for raising money for the purposes of revenue, or for appropriating the same, and for fixing the salaries of the officers of the Government, which shall originate in the House of Representatives; but the Senate may propose or concur with amendments as in other cases."

The consideration of that article was, however, postponed, and on the 5th of September the committee reported a substitute for the section in the following words:

"All bills for raising revenue shall originate in the House of Representatives, and shall be subject to alterations and amendments by the Senate; no money shall be drawn from the Treasury but in consequence of appropriations made by law."

The proposition was taken up on the eighth, and the first member of the clause, "All bills for raising revenue shall originate in the House of Representatives," was agreed to by a vote of nine ayes and two noes. It was then moved to strike out the second branch, and insert the words used in the constitution of Massachusetts, "but the Senate may propose or concur with amendments as in other bills," which was agreed to nemine contradicente, and the provision as thus amended became the first clause of the seventh section of the first article of the Constitution as it now stands, while the last clause, "no money shall be drawn from the treasury but in consequence of appropriations made by law," was transferred to the ninth section of the same article. (*The Madison Papers*, 1330, 1494, 1530.)

From this brief summary it will be seen that the proposition was more than once presented to the convention to vest in the House of Representatives the exclusive privilege of originating "all money bills" ex nomine, which was as often rejected. It would seem obvious, therefore, that the framers of the Constitution did not intend that the expression "bills for raising revenue," as employed by them, should be taken as the equivalent of that term as it was understood in English parliamentary practice; for, if they had so intended, they would surely have used that term itself, which had already received a fixed and definite signification from long and familiar usage, instead of the one they chose to employ.

But it may be said that they declined to use the term "money bill" because, as was argued by some in the convention, it was an indefinite expression, which might give rise to doubt, discussion, and difficulty, especially as to whether it was sufficiently comprehensive to embrace the appropriation as well as the raising of revenue. This, however, would place the matter in no clearer light, for, as has been shown, the proposition was made in the plainest and most unequivocal language to confer upon the House of Representatives the exclusive privilege of originating all bills for appropriating money, which was also rejected.

Nor will it do to say that this was done under any misapprehension or from any want of proper deliberation. No provision in the entire Constitution was more elaborately discussed or more carefully considered. The policy of investing the House of Representatives with the exclusive privileges exercised by the English House of Commons in relation to "money bills" was persistently and ably urged by such distinguished and patriotic statesmen as George Mason, Elbridge Gerry, and Benjamin Franklin; and the impropriety of making any discrimination whatever between the two Houses as to their power to originate any bills was as forcibly presented by Madison, Gouverneur Morris, Oliver Ellsworth, James Wilson, and Roger Sherman. To say that the illustrious men who composed the Federal Convention were incapable of declaring in clear and unmistakable language that the House of Representatives should have the sole right to originate appropriation bills, if such had been their intention, would be an insult to their intelligence, which, in view of the precise and perspicuous terms used in the resolution reported by Mr. Gerry, the substitute offered by Mr. Randolph, and the amendment proposed by Mr. Strong, could only stultify the person

who might hazard such an insinuation; and it would be no less an imputation upon their integrity and candor, as well as a gross abuse of construction, to suppose that they intended to be understood as meaning precisely what they repeatedly refused to say in plain words, especially when such a meaning cannot be inferred by any possibility from the language they actually employed, if that language is taken according to its natural and ordinary import.

It is true that in 1856 Mr. Seward, Mr. Sumner, and Mr. Wilson opposed the origination of certain general appropriation bills by the Senate, upon the grounds that although the exercise of such a power was within the letter it would be contrary to the spirit of the Constitution, and a departure from usage; but in the judgment of your committee neither of those positions was tenable. That it was never the intention of the framers of the Constitution to withhold the power of originating such bills from the Senate, they think has already been shown both from the language used in that instrument and the circumstances under which that language was employed; and surely if the Senate was ever invested with that power by the Constitution, it cannot be said to have lost it by nonuse. Fortunately for us, that is not the way in which our constitutional provisions are changed, nor can they be altered by mere parliamentary practice. They must remain in the plain words in which they are written until amended by the concurrent votes of two-thirds of each branch of Congress and the legislatures of three-fourths of all the States in the Union, and while they remain they must be construed according to the simple and well settled rules of interpretation applicable to all other written language.

It is true, moreover, that the general appropriation bills which originated in the Senate in 1856 were laid on the table by the House; but that circumstance proves nothing to the purpose of this inquiry, for it will be seen by reference to the recorded history of that transaction that the reason assigned for that disposition of them was not that the Senate had no constitutional right to originate them, but the fact that similar bills had already passed the House and been concurred in by the other branch of Congress. On the contrary, if the mere practice of the two Houses or of either of them can be said to affect in any way a clear constitutional principle, instances in which the House has passed, without objection, appropriation bills which have originated in the Senate, might be adduced in sufficient numbers to fill a volume.

With the policy of such a provision your committee has nothing to do. That was a matter to be considered and determined by the convention which framed the Constitution and the States which ratified it. And whether they acted wisely or unwisely in that regard cannot alter the fact that there is nothing in the language of the Constitution to indicate an intention on their part to withhold from the Senate the power to originate bills for the appropriation of money, or that they repeatedly rejected a proposition to confine that privilege to the House of Representatives, although presented in the most emphatic and unequivocal terms. Believing, therefore, from the plain letter of the Constitution, as well as from all the circumstances surrounding the adoption of the provision in question, that the Senate had the clear right to originate the bill, they report it back to the House, with the recommendation that it be referred to the Committee on Appropriations, and that following resolution be adopted:

*Resolved*, That the Senate had the constitutional power to originate the bill referred, and that the power to originate bills appropriating money from the Treasury of the United States is not exclusive in the House of Representatives.

#### VIEWS OF THE MINORITY

The minority of the Committee on the Judiciary, to whom was referred Senate bill 1157, present the following views:

The question presented by the reference of these bills to this committee is, Has the Senate the right to originate bills appropriating money from the Treasury of the United States? It is conceded that all bills may originate in the Senate as well as in the House, except the bills referred to in section 7 of article 1 of the Constitution, which provides that "All bills for raising revenue shall originate in the House of Representatives."

The decision of the question above stated depends, therefore, upon the determination of the further one. "Are bills appropriating money bills for raising revenue?" For, manifestly, if they be, they can originate in the House of Representatives only. We shall, therefore, address ourselves at once to the consideration of this question, and endeavor to establish that bills appropriating public money are bills for raising revenue.

First. This appears from the original and approved meaning of the term "revenue." At the beginning, it is well to understand the precise signification of the terms we shall employ in this discussion. An appropriation bill is one which sets aside for specific public use money which has been collected by the authority of the Government. A bill raising revenue is one which makes or creates revenue. Revenue is the annual income of a State, derived from taxation, customs, excises, and other sources, and appropriated to the payment of the national expenses.

This definition is approved by many of the best authorities, and is not inconsistent with that given by any.

Webster defines "revenue" to be "the annual produce of taxes which a nation or state collects and receives into the treasury for public use."

The mere collection and receiving into the public treasury, by this definition, are not sufficient, but it must be such collection and receiving as are for the public use. It is, therefore, that money only, collected and received into the treasury, which has been made available for the public use which constitutes the revenue for the State; for unless the public can use it, it is not revenue.

Worcester defines "revenue" to be "The income of a nation or States derived from duties, taxes, and other sources, for the payment of the national expenses." The same criticism which has been made upon the definition of Webster may be made here, but what is more significant in determining the sense intended here to be given to the word is found in the reference in Worcester to Brande's Dictionary of Science and Art as authority, than which there is none higher in the language.

Brande defines "revenue" to be "the name given to the incomes of a State derived from the customs, excises, taxation, and other sources, and appropriated to the payment of the national expenses."

Brande's Dictionary, volume 8, page 269.

This definition is approved in the Imperial Dictionary, the present standard dictionary of Great Britain, in the following words: "Revenue is the annual income of a State, derived from the taxation, customs, excises, and other sources, and appropriated to the payment of the national expenses."

Nor could any other definition have been given by those who had considered the sources of the royal revenue in English history. The revenue of the Crown of England is ordinary and extraordinary; the former is attached to the Crown by hereditary right; the latter is specially granted by Parliament as a supply for national purposes. (Chambers, vol. 8, 222.) As the ordinary revenues became less and less valuable in progress of time, those extraordinary were raised to take their place and provide for the necessary expenses of the Government. The following references will show that this revenue was the supply or subsidy voted or granted by the Commons to the King:

Chambers, volume 8, 222.

Constance on Constitution, 168.

May, volume 1, 193.

Blackstone, revised edition, volume 1, page 274.

Millar's English Government, page 27.

Money, therefore, to be revenue to the King, must have been granted to him. It is true, for many years he had the privilege of spending it as he pleased, but he could not spend it until it had been granted. The levying of the tax, the collection of the taxes, was not sufficient to make it royal revenue; these were merely the preliminary steps. The essential act to constitute it revenue was the grant, without which not one dollar could have been used for the national expenses. As will be seen hereafter, the appropriation grew to be an essential part of the grant, so that at the time of the establishment of our Constitution there could have been no revenue in England for the Crown which had not been appropriated for the national expenses by the House of Commons. The term "revenue" in the Constitution must have been used in its universally accepted sense, and therefore, in section 7 of article 1, bills raising revenue must include bills appropriating money to the use of Government as well as bills providing for levying and collecting taxes.

Second. The proceedings in the constitutional convention show very clearly that the term "revenue" was intended to be used in its ordinary sense of appropriating as well as collecting money for uses of the Government.

The first provision on this subject in that convention appeared in the plan of Mr. Charles Pinckney as follows:

"All money bills of every kind shall originate in the House of Delegates, and shall not be altered by the Senate." (Madison's Papers, p. 129.)

After debate had proceeded for some time in convention, it was found that great differences of opinion had arisen, which it was proposed to refer to a committee of compromise. The committee was appointed, with Mr. Gerry as chairman, who reported a recommendation to the convention which, upon this point, contained the following provisions:

"All bills for raising or appropriating money \* \* \* shall originate in the first branch of the legislature, and shall not be altered or amended in the second branch." (Madison's Papers, p. 274.)

The report was in substance adopted in convention, and provided that—

"All bills for raising or appropriating money shall originate in the first branch of the legislature, and shall not be altered or amended in the Senate." (Madison, p. 316.)

In the same phrase it was referred to the committee on detail (Madison, p. 375), who reported it back to the convention in the following form:

"Sec. 5, art. 4. All bills for raising or appropriating money \* \* \* shall originate in the House of Representatives, and shall not be altered or amended in the Senate."

Upon first consideration this section was stricken out by a vote of 7 States to 4.

Afterward it was reconsidered, and Mr. Randolph moved to amend so that it would read:

"Bills for raising money for the purpose of revenue or for appropriating the same shall originate in the House of Representatives, and shall not be amended or altered by the Senate as to increase or diminish the sum to be raised or change the mode of levying it or the object of its appropriation." (Madison, p. 414.)

A further amendment was proposed by Mr. Strong. (P. 427.)

"Each House shall possess the right of originating all bills except bills for raising money for the purpose of revenue and appropriating the same, which shall originate in the House of Representatives, but the Senate may propose or concur with amendments as in other cases."

The committee of eleven reported the final draft as follows:

"All bills for raising revenue shall originate in the House of Representatives and shall be subject to alteration and amendment by the Senate."

This was at last adopted with an amendment striking out the last clause and inserting "but the Senate may propose or concur with amendments, as in other bills."

The committee of eleven, in considering and reporting the clause in its present form had before them all the propositions which had been submitted to the convention. These were "all money bills of every kind," "all bills for raising or appropriating money," and "all bills for raising money for the purpose of revenue and appropriating the same." For all of them they substituted the phrase "all bills for raising revenue." What did they intend by this change? Certainly they intended more than merely raising money, for with that phrase in so many propositions before them they could have easily adopted it if nothing more had been meant. What then, more than merely raising money, was intended? Manifestly as much more than that as may be included in the meaning of the word "revenue."

Only two theories can be maintained as to the action of the convention on this subject, either that they excluded from the power of origination by the House bills appropriating money, or that they included them in the term "bills for raising revenue." Every proposition upon the subject, in the early days of the convention, provided that bills appropriating money should be originated in the House; the bills named in the proposition were called money bills generally in the debates before the committee made their report; the bills provided for in the report of the committee were called money bills in the convention after the report had been made, clearly implying that in substance the report as made was intended to include the same propositions upon this point which had been so often before the convention and so frequently discussed. If the report had been intended to provide only that the House should originate bills for raising money, would it not have been easy to have said so? If the power of appropriating money which has always been so indispensable a part of money bills had been intended to be omitted, would the "bills for raising revenue" have been called money bills in the subsequent debates, and would not the omission have naturally occasioned some criticism and opposition in the convention on the part of those who so strenuously insisted, as Dr. Franklin put it, "that it was important that the people should know who had disposed of their money and how it had been disposed of."

The evident desire of the promoters of this proposition to have the House of Representatives originate money bills, as did the House of Commons; the persistent application of the term "money bills" to the bills referred to, both before and after the provision was adopted in its present form; the fact that every proposition included the idea of appropriating money; the silence on the part of the advocates of the proposition as to the clause as finally reported, which is inexplicable if the most important power in the origination of money bills, to wit, bills appropriating money, were to be excluded; the use of a new phrase, which means more than bills for raising money, all make it clear that when the phrase "bills for raising revenue" was employed it was intended to express the thought which was included in the words "money bills," which was set forth in every proposition presented to the convention, and which is included in the word "revenue," viz., that bills appropriating money shall originate in the House as well as those which provide for its collection and receipt into the Treasury.

Right at this point we desire to say a few words as to the recent remarkable decision of the Supreme Court of Massachusetts.

Under the constitution of that State, a question was submitted to that court for decision, substantially as follows: "Whether a bill appropriating money from the public treasury, and not providing for the levying of such money on the people by tax or otherwise, is a money bill which must originate in the house of representatives, under the provisions of the State constitution, which declare that "All money bills shall originate in the house of representatives; but the senate may propose or concur with amendments, as on other bills."

The court decided that "the power to originate a bill appropriating money from the Public Treasury is not limited by the constitution to the House of Representatives; but resides in both branches of the legislature." In other words, the court held that a bill appropriating money was not a "money bill."

This decision rests upon two propositions, which we will state in the words of the court:

"The right asserted by the House of Commons in the resolution of 1678, to which we will hereafter refer, is that a granting aid and supplies to the King, and originating bills for such grants, and of specifying in such bills the object to which and the modes in which the money granted by these bills shall be applied. But nothing is there said as to the right of the Lords, when money has once been granted by the Commons without specific appropriation, to originate or amend a bill appropriating it to particular uses or purposes."

This proposition proceeds upon a total misapprehension of the power of appropriation as exercised in the British Parliament. Prior to the reign of Charles II, grants to the King were seldom accompanied by specific directions as to the method of expenditure. During that reign the Commons insisted that the money granted should be used for a particular purpose, and provided in express terms that it should not be used for any other purpose. In Tod's "Parliamentary Government" (vol. 1,526), it is said:

"The constitutional rule that the sums granted and appropriated by the Commons for any special service should be applied by the executive power only to defray the expense of that service, although not wholly unrecognizable in earlier times, was first distinctly enunciated and partially enforced after the restoration. But it was not until the resolution of 1678 that this great principle was firmly established and incorporated into the system of parliamentary government."

The office of the appropriation clause, as it is termed in the English system, was to prevent supplies from being directed from the objects for which they were granted. This clause was annexed to the supply bill, usually at the end of the session of Parliament. The procedure was as follows: The rate of expenditure, or the ways and means, were first fixed in the tax bills; the money thus raised was granted for particular purposes in the supplying bill. After all the grants had been made, a bill enumerating them and the purposes for which they had been voted was proposed, with a clause as follows:

"That the said aids and supplies shall not be issued or applied to any use, intent, or purpose other than those before mentioned."

This bill was the appropriation bill. From this it is clear that an appropriation bill is a part of the supply bill, an incident to the grant to the King. It could not, therefore, from the very nature of the case, originate anywhere else than in the House of Commons, where only the grants themselves could originate. Of course, there was nothing said as to the right of the Lords, when money has been once granted by the Commons without specific appropriation, to originate or amend a bill appropriating it to particular uses or purposes; and for the mani-

fest reason that the appropriation was part of the grant, and there would have been as much sense in saying that the House of Lords could originate the one as the other.

Another statement, as remarkable as the one just considered, is made further on in the opinion:

"The result of the review of this branch of the subject is that it cannot be considered to have been settled in England before 1780, when the constitution of the Commonwealth of Massachusetts was adopted, that the appropriation to particular objects of moneys in the treasury or exchequer of the sovereign belonged exclusively to the House of Commons, and that bills for such appropriation must originate in the House."

From what has already been said, it must appear that as soon as it was settled that there should be bills of appropriation it was also settled that they must originate in the House of Commons. This principle of appropriation was, as already stated, incorporated into the English Constitution during the reign of Charles II. It was asserted in 1678 in the following resolution of the Commons:

"That all aids and supplies, and aids to His Majesty in Parliament, are the sole gift of the Commons, and that it is the undoubted and sole right of the Commons to direct, limit, and appoint in such bill the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the House of Lords" (Cox, British Cons., 104).

On this subject May says, in volume 2, 469, of his "Parliamentary History"; "For centuries they [the Commons] had resented any meddling of the other House with matters of supplies, and in the reign of Charles II they successfully maintained their exclusive right to determine as to the matter, the measure, and the time of every tax imposed upon the people. In the same reign they began to scrutinize the public expenditure, and introduced the salutary practice of appropriating their grants to particular purposes." Mark the words, "they appropriated their grants."

In Hearn, British Government, 343, it is said:

"From that time (Dutch war of 1665) the appropriation of parliamentary supplies became an undisputed principle. It was recognized by frequent though not uniform practice during the reign of Charles and of James, and from the time of the Revolution has been invariable."

It is useless to cite further authority. The writers all concur in the statements upon this point, which show that it was settled in England for more than a century before 1780, when the constitution of the Commonwealth of Massachusetts was adopted, that the public moneys should be appropriated to particular objects, and that bills making such appropriations should originate in the House of Commons.

Tod, in his work above referred to, volume 1, page 525, says, "Money bills are of three kinds, tax bills, bills of supply, and bills of appropriation."

We accept the definition of money bills given by this philosophical writer, whose work from which it is taken is one of the ablest and most exhaustive treatises on English parliamentary government ever written, rather than the opinion of the Supreme Court of Massachusetts, based as it is upon gross errors as to the nature of English appropriation bills, and as to one of the most patent facts of English history.

Third. The speeches in the conventions of the different States called for the consideration of the Constitution, the writings of the friends of that instrument published for the purpose of securing its adoption, the expressions of members of the Constitutional Convention, and the opinions of the ablest commentators upon the Constitution, all show that the phrase "bills for raising revenue" was the equivalent of "money bills," which in the English Government at the time of the framing of our Constitution included bills of appropriation.

In Massachusetts, Mr. Parsons said:

"Under the Constitution, an equal representation immediately from the people is introduced, who, by their negative and the exclusive right of originating money bills, have the power to control the Senate, where the sovereignty of the States is represented." (3 Elliott's Debates, p. 108.)

In Pennsylvania (3 Elliott's Reports, 418), Mr. Wilson said:

"Money bill must originate in the House of Representatives."

In North Carolina (4 Elliott, 144), Mr. Iredell said:

"Yet, under these disadvantages, they (the Commons) having the sole power of originating bills, it has been found that the power of the kings and lords is much less considerable than theirs. \* \* \* If, under such circumstances, such

representatives, mere shadows of representatives, by having the power of the purse and the sacred name of the people to rely upon, are an overmatch for the king and lords, who have such great hereditary qualifications, we may safely conclude that our own representatives, who will be genuine representatives of the people, and having equally the right of originating money bills, will at least be a match for the Senate, possessing qualifications so inferior to those of the House of Lords in England."

Mr. Madison said, in the First Congress:

"The Constitution places the power in the House of originating money bills."

Mr. Hamilton says, in the 58th number of the *Federalist*:

"The House of Representatives cannot only refuse, but they alone can propose, the supplies requisite for the support of the Government. They, in a word, hold the purse, that powerful instrument by which we behold in the history of the British constitution an infant and humble representative of the people, gradually enlarging the sphere of its activity and importance, and finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of the Government. This power over the purse may in fact be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people for obtaining a redress of every grievance and for carrying into effect every just and salutary measure."

In Tucker's Appendix to Blackstone's *Commentaries*, volume 1, page 215:

"The exclusive privileges of the House of Commons and of our House of Representatives with some small variations, are the same. The first, relating to money bills, in which no amendment is permitted to be made in the House of Lords, is modified in our Constitution so as to give the Senate a concurrent right in every respect except in the power of originating them."

In Wilson's *Works* (vol. 1, p. 445), it is said:

"By the Constitution of the United States, money bills originate in the House of Representatives."

It would be a waste of time to cite further quotations. It is sufficient to say that almost without exception every person who has discussed this subject in Congress, and every commentator upon the Constitution, speaks of bills for raising revenue as "money bills." In addition to what has already been said as to the meaning of the latter phrase, we will here cite the definition of Cushing, in his work on *Parliamentary Law*, section 2369:

"Money bills are those which grant a supply or make an appropriation."

An extract on this point from the inaugural address of President Washington will not be inappropriate:

"To the preceding observations I have one to add which will be most properly addressed to the House of Representatives. It concerns myself, and will, therefore, be as brief as possible. When I was first honored with a call into the service of my country, then on the eve of an arduous struggle for its liberties, the light in which I contemplated my duty required that I should renounce every pecuniary compensation. From this resolution I have in no instance departed, and, being still under the impression which produced it, I must decline, as inapplicable to myself, any share in the personal emoluments which may indispensably be included in a permanent provision of the executive department, and must, accordingly, pray that the pecuniary estimates for the station in which I am placed may, during my continuance in it, be limited to such actual expenditure as the public good may be thought to require."

What significance was there in his addressing this part of his message to the House of Representatives, relating, as it did, to matters of appropriations, if it had not been his opinion that the House had the power of originating appropriation bills? And does it not signify that such was the current opinion of that time?

Fourth. From the time of the 1st Congress, appropriation bills have, with few exceptions, originated in the House. These exceptions are unimportant, either in number or amount, and on that account the House, without objection, has permitted the bills included in such exceptions, which have originated in the Senate, to become laws. They are not of sufficient consequence to be regarded as precedents to establish the right in the Senate to originate such bills when confronted with the unvarying usage that all general appropriation bills have originated in the lower branch of Congress. On one occasion, in 1857, the Senate did originate a general bill of appropriation which it sent to the House, but the latter body entirely ignored it, and originated, as usual, its own bill. With this exception, the Senate has uniformly awaited the action of the House in

originating bills of appropriation and confined itself as in other bills of revenue to the proposing of amendments to them.

The first appropriation bill provided in its opening section the sources from which the money should be drawn, and afterward directed the purposes to which it should be applied. In one of the first bills for the imposition of duties, it was provided that out of the proceeds a sum of \$600,000 should be set aside annually for the public expenditure, and in almost every general appropriation bill until 1813 it was declared that out of that \$600,000 the sums set aside for particular purposes should be paid. These enactments were in manifest analogy to similar legislation in the British Parliament and show plainly that the early opinion was universal that the House of Representatives possessed the same power over money bills which belonged to the House of Commons.

Fifth. The Constitution itself, in conferring the power of appropriation and in providing the method of its exercise, confirms the position here maintained. The power of raising money and of appropriating money is conferred in the same phrase. Section 8, article 1, provides that—

"The Congress shall have power to lay and collect taxes, duties, imposts, and excise to pay the debts and provide for the common defense and general welfare of the United States."

The first part of the sentence confers the power of raising money, the second the power of appropriating it. They are inseparably connected. The power of appropriation seems to be a part of the first power, granted to complete and perfect it. Whatever therefore affects the one must affect the other. Whatever limitations are put upon the first must extend to the second, because the second only exists as incidental to the first. The taxes are levied to pay the debts of the United States. The money is raised to be appropriated to the public use. As this provision relates to the raising of the revenue, it authorizes the enactment of all proper laws upon the subject. As part of the bills for which it provides must originate in the House, there seems to be no reason that other bills authorized by its provisions relating to the same subject, kindred in nature and necessary to the complete execution of the powers conferred, should not likewise originate in that body.

President Monroe, in his message respecting the bill for the repairs of the Cumberland Road (May 4, 1822), in speaking of this section, said:

"That the second part of this grant gives a right to appropriate the public money, and nothing more, is evident from the following considerations:

"1. If the right of appropriation is not given by this clause it is not given at all, there being no other grant in the Constitution which gives it directly, or which has any bearing upon the subject, even by implication, except the two following."

Which we will hereafter consider.

"2. This part of the grant has none of the characteristics of a distinct and original power. It is manifestly incidental to the great objects of the first grant, which authorizes Congress to lay and collect taxes, duties, imposts, and excises. \* \* \* Congress shall have power to lay and collect taxes, duties, imposts, and excises for what purpose? To pay the debts and provide for the common defense and general welfare of the United States. An arrangement and phraseology which clearly show that the latter part of the clause was intended to enumerate the purposes to which the money thus raised might be appropriated."

Further on President Monroe says:

"The right of appropriation is therefore from its nature secondary, and incidental to the right of raising money, and it was proper to place it in the same grant and same clause with that right."

And still later he says:

"If we look to the second branch of this power, that which authorizes the appropriation of money thus raised, we find that it is not less general and unqualified than the power to raise it. More comprehensive terms than to 'pay the debts and provide for the common defense and general welfare' could not have been used. So intimately connected with and dependent on each other are these two branches of power that, had either been limited, the limitation would have had a like effect on the other. Had the power to raise money been conditional or restricted to special purposes, the appropriation must have corresponded with it."

Upon this point it is unnecessary to say more. The power to raise money, it is conceded, is limited and conditioned to this extent, that bills raising it must

originate in the House; the bill appropriating money, it results from the opinion of this great authority, must correspond with it.

In passing, we desire to call attention to the two provisions of the Constitution in which appropriations are expressly mentioned.

In section 8 of article 1 it is provided that "no appropriation of money to that use"—the Army—"shall be for a longer term than two years." Section 9 of article 1:

"No money shall be drawn from the Treasury but in consequence of appropriations made by law."

The only remark we desire to make as to these provisions in this discussion is that if the word "revenue" in section 7 of that article has the restricted sense which is claimed for it in the report of the subcommittee, it would have made the phraseology of the Constitution more consistent with itself to have said in these sections: "No appropriation of revenue shall be made to that use," and "no revenue shall be drawn from the Treasury but in consequence of appropriations made by law."

Lastly. The consequences from the adoption of the view of the subcommittee would be destructive of the objects sought to be accomplished by the section under consideration. The purpose of this provision was to give the immediate representatives of the people the control of the purse. That power is of little consequence if it can be exercised only to put money into the Treasury. The control of the expenditure is of, by far, the greater importance. To give to the House the power of raising money and to the Senate the power of expending it would be to control the grants of the former through the debts of the latter. To give to the House the power to originate bills to raise money, and the Senate the power to originate bills to spend it would be, in like manner, to permit the latter to govern the discretion of the former as to the origination of tax bills. It may be said that Senate bills appropriating money could not become laws without the consent of the House, so that no appropriation could be made without the permission of the latter. But the reply is that it is the power of originating bills which was thought to be of such value in this connection. This power of originating bills for raising money can accomplish but little if the discretion of the body invested with it can be affected by the originating power of another body as will certainly be the case if the Senate can originate appropriation bills, as has been claimed.

Again, it must be remembered that a bill levying taxes or imposing duties for raising money is passed only once in every 10 or 15 years. Few amendments are made to it afterward, until a new system is adopted. To confine the power of origination to such bills would be to deprive the Representatives for the greater part of the time of any control of the purse under this section, for after the tax bills have been passed and the money from them has been gathered annually into the Treasury, the Senate, under the views of the subcommittee, would have equal power with the House over the money collected.

When we remember the practices as to money bills in the English Parliament, and the purposes of the framers of the Government in adopting this principle, we cannot believe that they intended to grant to the House such an idle and barren power as that would be of originating bills to raise money without power of originating bills to expend it.

There were several reasons combining to secure the adoption of this provision in the Constitution. Some desired it because it gave to the people the control of the purse, some because it would operate as a restriction upon the Senate, but he most, chiefly because the proviso was part of a compromise made between the great and small States. The Senate was composed of representatives from the States which stood equally in that body. It confirmed appointments, and, with the President, made treaties. To satisfy the larger States, which objected that the smaller States should be equal with them in so important a body, this section was adopted to give to the representatives of the people, who were chosen according to a basis of population, the power over the revenue. Without this provision is it improbable that the Constitution would have ever been adopted. It was the compromise of which it is a part that made the adoption of that instrument possible. We think it is one of the highest duties of the House to maintain this compromise in its fullest meaning, and even if it were doubtful whether the House possessed the power to originate appropriation bills, we think the doubt should be resolved, at least by this House, in favor of its possession of the power.

We think with Mr. White who, in the first Congress, said: "The Constitution having authorized the House of Representatives to originate money bills places

an important trust in our hands which, as their protectors, we ought not to part with."

We therefore recommend the adoption of the following resolution:

*"Resolved*, That the seventh section of article 1 of the Constitution, which provides that 'All bills for raising revenue shall originate in the House of Representatives,' confers exclusive power upon the House to originate bills appropriating money from the public treasury.

*"Resolved*, That the Senate bill which has been referred to this committee be returned to the Senate of the United States with a copy of these resolutions."

FRANK H. HURD.  
JOHN F. HOUSE.  
JOHN W. RYON.  
E. G. LAPHAM.  
CHARLES G. WILLIAMS.

#### EXHIBIT 2

[Extract from volume I, "History of the Celebration of the One-Hundredth Anniversary of the promulgation of the Constitution of the United States" (pp. 101-105).]

#### HISTORY OF THE FORMATION OF THE CONSTITUTION AND OF THE CAUSES WHICH LED TO ITS ADOPTION

(By John A. Kasson)

#### THE LEGISLATIVE RIGHT TO ORIGINATE MONEY BILLS

In the scheme of government, as originally approved in the Committee of the Whole, equal power to originate legislation was given to the two Houses of Congress by unanimous consent. While the Virginia resolutions were under consideration on the last day in the Committee of the Whole, Mr. Gerry moved to insert, "except money bills, which shall originate in the first branch of the National Legislature." Mr. Butler saw no reason for it: "We were always following the British Constitution, when the reason of it did not apply. There was no analogy between the House of Lords and the body now proposed to be established." Mr. Madison said, "The Senate would be the representation of the people, as well as the first branch." Mr. Sherman observed, "We establish two branches in order to get more wisdom, which is particularly needed in the finance business. The Senate bear their share of the taxes, and are also the representatives of the people." General Pinckney said, "This distinction prevails in South Carolina, and has been a source of pernicious disputes between the two branches." The motion was then defeated by all the States except New York, Delaware, and Virginia, and both Houses retained equal rights in all legislation.

When the long and exasperating debate occurred upon equality of State representation in the two Houses, it was urged on the part of the great States that questions of revenue ought to be determined by a proportional representation. Otherwise, a minority of population, represented by a majority of States, might, contrary to all correct principles, impose burdens on the majority of both wealth and population. This palpable injustice led to an offer on the side of the small States that "all bills for raising or appropriating money, and for fixing the salaries of the officers of the Government of the United States, shall originate in the first branch of the Legislature, and shall not be altered or amended by the second branch; and that no money shall be drawn from the Public Treasury but in pursuance of appropriations to be originated in the first branch." This offer was conditioned upon the acceptance of an equal vote in the Senate. A committee, of which Mr. Gerry was chairman, so reported the plan on July 5.

Mr. Madison regarded this as no valuable concession to the great States. "Experience proved that it had no effect. If some States in the upper branch wished a bill to be originated, they surely might find some Member from the same States in the lower branch who would originate it." As for amendments, they "could be handed privately by the Senate to Members of the other House. Bills could be negatived, that they might be sent up in the desired shape." Gouverneur Morris and others warmly opposed the plan. Mr. Wilson shrewdly remarked, "If both branches were to say yes or no, it was of little consequence which should say yes or no first, which last." It would be better to reverse

the order, for "it was a maxim that the least numerous body was the fittest for deliberation—the most numerous for decision." The question was taken on this clause; and for it voted Connecticut, New Jersey, Delaware, Maryland, and North Carolina (five). Against it were Pennsylvania, Virginia, South Carolina (three), with Massachusetts, New York, and Georgia divided. Although only 5 States out of 11 voted for it, under their rules it stood as affirmed. But it was well understood that it was still an open question.

On the 16th of July, after references of the compromise to special committees and much debate, the question was taken on the compromise as a whole, including the equal vote in the Senate, the proportional vote in the House, and the clause in question; and it was carried by the same five States in the affirmative against the same three States and Georgia in the negative, with Massachusetts divided and New York absent. In this form it went to the Committee of Detail, but still unsupported by a majority of the States.

Again, upon the report of this committee, it came into debate, and Mr. Pinckney moved to strike out the clause, and was supported by Gouverneur Morris, Mr. Wilson, and Mr. Madison. Mr. Mason, Mr. Butler, and Mr. Ellsworth thought it had better stand as a compromise. Mr. Gorham was in favor of originating the bills in the House, but giving power to the Senate to amend. The clause was struck out by the votes of New Jersey, Pennsylvania, Delaware, Maryland, Virginia, South Carolina, and Georgia (seven), against New Hampshire, Massachusetts, Connecticut, and North Carolina (four), without disturbing the equality of States in the Senate. But Mr. Randolph gave a notice of a motion to reconsider, and Mr. Mason, with some others, still regarded it as necessary to adhere to the compromise, although the large States had disclaimed its supposed value and the small States were willing to adhere if the large States desired it.

Upon the reconsideration, Mr. Randolph proposed to limit the exclusive power to "bills for the purpose of revenue," to obviate objection to the words "raising money," which might happen incidentally, not allowing the Senate by amendment to either increase or diminish the same. His motion was in the following words: "Bills for raising money for the purpose of revenue, or for appropriating the same, shall originate in the House of Representatives; and shall not be so amended or altered by the Senate as to increase or diminish the sum to be raised, or change the mode of levying it, or the object of its appropriation."

Mr. Mason renewed his arguments in its favor. Mr. Wilson again opposed it with warmth. He said "it would be a source of perpetual contentions when there was no mediator to decide them. The President here could not, like the executive in England, interpose by a prorogation or dissolution. This restriction had been found pregnant with altercation in the eight States where the constitutions had established it. The House of Representatives will insert other things in money bills, and, by making them conditions of each other, destroy the deliberate liberty of the Senate." And he recited a remarkable case of this misuse of power by the House of Commons. Gouverneur Morris thought its proposed advantages illusory, because the "Senate could tire out the other House and extort their concurrence in favorite measures as well by their negative or withholding their assent as by adhering to a bill introduced by themselves. In respect to the Representatives 'holding the purse strings,' both Houses must concur in the untying; and of what importance could it be which untied first, which last?" Mr. Madison made a full argument on the same side. Mr. Read would follow the example of many of the States, retaining the exclusive authority in the first House, but giving the Senate liberty to amend. Mr. Carroll said the clause in the Maryland constitution was "a source of continual difficulty and squabble between the two houses."

At the end of this searching debate (August 13) three votes were taken. First, on the exclusive right in the first House to originate money bills: the ayes were New Hampshire, Massachusetts, Virginia, North Carolina (4); the noes were Connecticut, New Jersey, Pennsylvania, Delaware, Maryland, South Carolina, Georgia (7). Second, on originating by the first House and amending by the Senate: the vote was the same—noes seven, ayes four. Third, on the question of no appropriations of money except those originating in the first House: Massachusetts alone voted aye (1), the other 10 States voting no.

Here, for the first time, appears a very strong conviction of the Convention that a distinction should be made between bills for raising revenue and bills for appropriating money.

Two days later Mr. Strong, of Massachusetts, moved to insert in another place the same clause of Mr. Randolph which had been voted down on the 13th.

It was thought best to postpone the question for the time and consider other matters, which was done. Subsequently a committee of 11 was appointed to consider various old and new questions of detail in the Constitution as reported, and on the 5th of September Mr. Brearley reported from this committee, among other clauses, the following: "All bills for raising revenue shall originate in the House of Representatives, and shall be subject to alterations and amendments by the Senate; no money shall be drawn from the Treasury but in consequence of appropriations made by law."

Again it was postponed on motion of Gouverneur Morris, who said it had been "agreed in the committee on the ground of compromise," and he wished to await the disposition of other clauses. Though opposed, this motion was carried by nine States against two. On the 8th of September the long dispute was ended. After a verbal amendment, which was made unanimously, the clause was adopted as it now appears in the Constitution, except that the Committee on Style, in their revision, transposed the last clause to another place. The final vote shows its acceptance by all the States except Delaware and Maryland. Among the published objections of George Mason, on account of which he refused to sign the Constitution, was this, that "the Senate have the power of altering all money bills and of originating appropriations of money."

It thus appears that by express votes the Convention refused to extend the exclusive power of the House beyond bills for raising revenue, and by express vote decided to leave in the Senate an equal power to originate bills making appropriations of public money, and that only a minority of the Convention attached constitutional importance to the former provision.

